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DIRECTORATE OF  
INTELLIGENCE

# *WEEKLY SUMMARY*

NAVY review  
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## Pakistan-India: *Situation Still Uneasy*

Rumors of a possible Pakistani attack against India sometime this fall are still making the rounds. Meanwhile, President Yahya Khan keeps trying to improve his government's image and to portray India as the primary cause of the tension. The Pakistanis are clearly concerned by what may happen as East Pakistan dries out after the monsoon. Pakistan's foreign secretary recently told the French ambassador that the Pakistani Army will attack if Indian troop movements on the East Pakistan border are used to divert Pakistani forces and help Bengali insurgents seize significant territory in the east wing.

The Indian-supported Mukti Bahini guerrillas now apparently control some rural areas of East Pakistan. They also have resumed sabotage actions in Dacca city, which had been quiet for several weeks. Pakistan's rulers probably believe that, with the end of the monsoon this month, the army will be able to make some headway against the insurgents. However, the guerrillas will be bolstered by substantial numbers of Indian-trained reinforcements. They might effectively frustrate the government forces, which could perhaps lead Islamabad to decide that its only remaining recourse is to take direct action against guerrilla bases in India.

In a speech to the nation on 12 October, Yahya dwelt on alleged Indian military plans and preparations that threaten Pakistan, but he also announced further details of his program for returning power to civilians. He said that the national assembly will be convened on 27 December, following by-elections to fill vacant East Pakistani seats, and that a civilian cabinet will be formed shortly after the assembly opens. He also stated that the government's new draft constitu-

tion, to which the assembly can suggest revisions, will be ready by 20 December. Yahya, however, retains a veto power over all changes.

Yahya has also lifted the prohibition on political activity that had been in effect since last March. On 10 October, he announced a new set of rules permitting parties and individuals to engage in politics. The new regulations, however, set stringent limits on political action, specifically banning the propagation of any views "prejudicial to the ideology, integrity, or security" of Pakistan.

With Bengali leader Mujibur Rahman still in a West Pakistan prison, his Awami League banned, the Pakistan Army continuing to carry out reprisals against the East Pakistani population, and the province's economy and administration sorely disorganized, most Bengalis are resentful toward Islamabad. Their widespread participation in the by-elections is doubtful. The guerrillas, meanwhile, have announced that they will attempt to disrupt the December polls.

Meanwhile, the Soviet Union, which has been generally critical of Pakistan and sympathetic toward India since the crisis began last March, may try to mediate Indo-Pakistani differences, much as it did after war broke out in 1965. According to a Pakistani official, plans have been made for political discussions between Yahya and Soviet President Podgorny, both of whom are in Iran this week for the anniversary celebrations. Podgorny might sound out possibilities for mediation or try to arrange direct Indo-Pakistani discussions. So far, however, Indian Prime Minister Gandhi has not reciprocated Yahya's stated willingness to hold talks.

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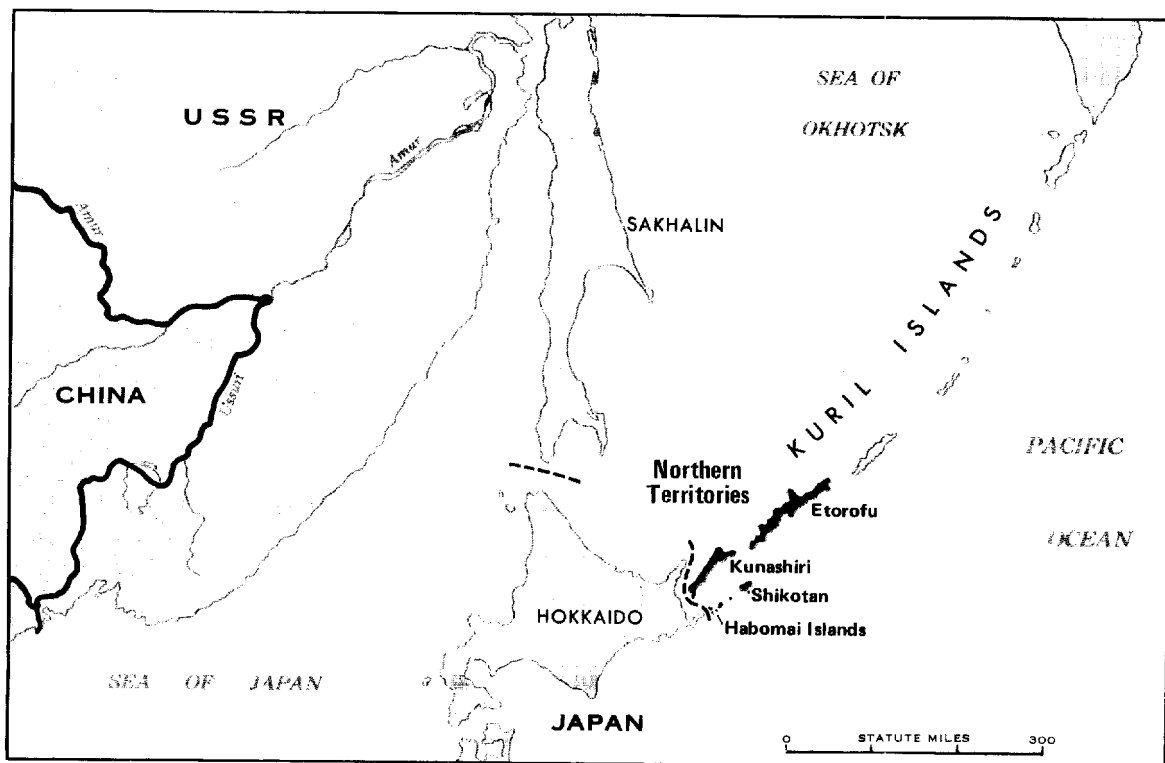
## Moscow and Tokyo: *Hints of Flexibility*

As part of its recent campaign of warming up to Japan, Moscow has been hinting that there is some flexibility in its policy regarding the Northern Territories. These islands—Kunashiri, Etorofu, Shikotan, and the Habomais—seized from Japan after World War II, have been a major stumbling block to genuine improvement in Soviet-Japanese relations.

There is no real indication that the Soviets are ready to consider return of the islands, and there is little optimism in Tokyo that they will be soon returned, although some Japanese officials appear to believe that the Soviets are prepared to soften their position. Upon his return to Tokyo from Moscow last month, the chairman of the

Japanese Communist Party claimed that Soviet politburo member Suslov promised to give "serious consideration" to the problem. A Japanese Embassy official in Washington subsequently said that the Soviet remarks were only the latest indication of a possible change in the Soviet position.

There have been other tenuous signals of a possible Soviet turnabout on the contentious territorial issue. In mid-September, a Soviet Foreign Ministry official told a Western diplomat in Moscow that the USSR was prepared to go a "long way" to solve the problem. A Soviet lecturer, acknowledging that the issue was a major obstacle to a breakthrough, recently made a distinction between Japanese "extremists" and "moderates"



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on the subject. He explained that the more moderate elements called for the return of only the four islands and not all of the Kuriles and southern Sakhalin. Since Japanese agitation on the issue has focused on the four islands, this amounts to a markedly tolerant view of the Japanese claims.

On a more authoritative level, however, Moscow has been unyielding. Last August, politburo member Mazurov invoked Moscow's traditional position that the issue "already had been solved."

25X1 [redacted] Foreign Minister Gromyko took a similar position in his recent discussion at the UN with a former Japanese foreign minister. The Soviets remain hesitant to return territory, believing that it would encourage nations such as China who have irredentist claims against the USSR. Moreover, possession of the Kuriles enables Moscow to control access to the Sea of Okhotsk and serves a major role in Moscow's antisubmarine activities.

Notwithstanding the obstacle of the Northern Territories, the Soviets appear bent on improving their relations with the Japanese in order to take advantage of economic difficulties between the US and Japan, to exploit unease in Tokyo over US-China diplomacy, and to discourage the Japanese from improving relations with China. A Soviet special envoy, Semyon Tsarapkin, spent several days in Japan last week to discuss disarmament and other foreign policy matters. Soviet politburo member Shelepin is scheduled to visit Japan from 14-21 October, primarily to discuss labor union matters, but possibly to meet with members of the ruling Liberal Democratic Party.

In their cultivation of the Japanese, the Soviets may well offer additional hints of flexibility on the Northern Territories. They could allude to a deal regarding the two islands that are not geographically part of the Kuriles, Habomai and Shikotan, or suggest economic concessions on the islands that would not involve renunciation of Soviet sovereignty. [redacted] 25X1

## South Vietnam: *Aftermath of a Referendum*

Tension and uncertainty have dropped markedly in South Vietnam in the two weeks since President Thieu's show of electoral strength. Although most activist opponents of the President, small groups of radical students and a few disabled veterans, are still trying to spark violent confrontations with the authorities, most opposition elements seem resigned to the President's remaining firmly in the saddle, at least for the near term.

Many informed Vietnamese resent Thieu's string pulling to ensure an overwhelmingly favorable vote, and the President's tactics will damage

the legitimacy of his administration in their eyes. However, the great bulk of the population, both in rural and urban areas, did not get embroiled in the election controversy. The main popular reaction seems to be relief that the chances of a major crisis now have been reduced. Thieu's supporters are also relieved that the situation has settled down quickly and are busy trying to outmaneuver or effect reconciliations with antigovernment elements.

A new spurt of violence is possible just prior to the presidential inauguration on 31 October. Thieu hopes to turn this into another massive

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display of government strength, with large delegations from the provinces and foreign dignitaries in attendance.

Although Thieu does not have wide popularity, a central fact emerging from his uncontested re-election is that his harshest critics have even more narrow and restricted bases of support. The circle of dissidents that coalesced briefly around Vice President Ky still has its militant core, but the group has lost momentum, failed to gain broad support, and is unlikely to develop into a significant political threat to Thieu. Big Minh has virtually disappeared from the political scene.

As matters now stand, it appears that the only developments that might unite the opposition would be some unusually repressive moves by Thieu or a series of military reverses.

Of the groups arrayed against Thieu, the An Quang Buddhists have the broadest support, but they still show little appetite for a stand-up confrontation with the government. Thich Tri Quang, de facto An Quang leader, recently observed that the Buddhist faithful are much less radical now than they were in the 1963-66 struggle movements and much less disposed to take to the streets. Buddhist leaders are also saying that it would be unwise for the church to take rash, and likely unsuccessful, actions that might jeopardize the substantial gains they have made in the Senate and Lower House. Nevertheless, many Buddhists, especially in the northern provinces where Communist military moves could complicate the situation, are bitterly alienated from Saigon. Buddhist aspirations for more responsibility still promise to

be a significant problem for Thieu in his second term.

Thieu himself has been maintaining a low profile, and plans for his new term have not yet emerged in any detail.

And there is talk again about the formation of a new progovernment political party. Specifics are lacking, as is information on how fully Thieu is committed to change. It is clear that the President's lieutenants are working hard behind the scenes to organize support in the National Assembly. They are forming two blocs in the new Lower House, one openly backing the administration and a second posing as an independent group while taking its direction from the presidential palace. The theory is that the latter bloc would provide a home for some deputies who want to maintain an appearance of independence from Thieu, and together the two blocs would soak up enough delegates to prevent any effective organization by the opposition. Early indications are that the government is having some trouble lining up support in the new Lower House, which now seems to have more active and able opposition members, but eventually Thieu will probably be able to gain cooperation on most issues.

The President faces greater problems in the Senate, the smaller but more prestigious body he has always found more difficult to control. In elections for new officers in the Senate late last week, members with pro-Thieu or neutral labels won most of the important positions. But the loyalties of many Senators have come into question recently. Some important former Thieu backers voted for a resolution condemning the one-man presidential race. They could raise considerable obstacles to the President's legislative program in the days ahead.

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### Communist China: *An Image of Business as Usual*

The meeting last week between Mao Tse-tung and visiting Emperor Haile Selassie rules out Mao's health as a major factor in China's fluid leadership picture. This reinforces the impression that his heir-designate Lin Piao's physical or political capacity has become a central issue in Peking. Neither Lin nor several ranking military leaders on the politburo who may be pivotal figures backstage have appeared at receptions held for Haile Selassie and other foreign visitors in the past few days. There are signs that a major leadership conclave was scheduled to convene in the capital sometime this week. This could mean that some of the vexing problems facing the leadership have been at least temporarily resolved. Nevertheless, the continued absence of China's key military leaders offers little prospect that the denouement of the drama being played out in Peking will occur soon.

The opening of the Canton Trade Fair today, the absence of any indication that Peking is attempting to explain the uncertainty at the top to lower ranking party cadres, and Chou's well-

publicized and frequent public appearances affirm the regime's determination to maintain a business as usual image for both foreign and domestic consumption.

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**Mao Greets Haile Selassie**

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#### Canton Trade Fair the Biggest Ever

The semiannual Canton trade fair, scheduled to open on 15 October for a month's run, should be an important indicator of China's priorities in the months ahead.

Several countries are expected to send record numbers of traders. Japan, China's largest trading partner, reportedly will have a contingent representing over 1,100 companies. This almost doubles the number of Japanese trading firms at the autumn fair last year and is about 40 percent greater than the number represented at this year's

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spring fair. The fall-off in Japan's rate of economic growth and recent disruptions in international trade and monetary policies probably are increasing Tokyo's already substantial interest in the China market.

For the first time in the fair's history, US firms probably will be represented. Several US companies appear convinced that their requests for representation will be honored. It is not known, however, whether Peking will allow US representatives more than observer status and permit them to conclude contracts. In any event, it is clear that the decision to hold the fair as scheduled has not been affected by the current political tensions in Peking.

China's new five-year plan (1971-75) is expected to provide for substantial economic expansion, which probably will result in even greater need for Western machinery, equipment, and technology. Peking, however, has staunchly maintained a conservative policy of avoiding long-term foreign debt and probably will increase imports only to the extent it can increase exports. The volume and pattern of trade conducted at this fall's fair will provide some indication of China's internal industrial priorities, its present attitude toward soliciting foreign technical and material support, and its ability to generate additional exports.

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#### Chinese Representation Debate in the UN

The debate in the General Assembly on the Chinese representation issue is scheduled to begin on 18 October. The voting is not likely to start before the 25th or 26th. The US currently lacks a majority for either of its resolutions: the one would seat both Chinas in the assembly and give the Security Council seat to Peking; the other would declare that any move to oust Taipei is an Important Question requiring a two-thirds vote. The margins are narrow, however, and many uncertainties remain.

Preliminary maneuvering has apparently given the draft Albanian resolution to seat Peking and expel Taipei priority over the draft resolution calling for dual representation. Thus it has become critically important that a majority first approve the Important Question resolution, since the Albanian draft is certain to obtain a simple majority. The most recent State Department count has the vote about evenly divided, with a relatively small number of countries undecided.

An Australian Government estimate, however, has the Important Question ruling presently losing by 4 votes, and most UN observers similarly believe Taipei's supporters lack a majority. Since last-minute switches are always possible, the outcome is not likely to be clear before the voting takes place.

The Sato government, with a major stake in the representation issue, has launched a worldwide diplomatic campaign in support of US efforts. The Japanese fear, however, that recent developments touching on the President's visit to Peking could have a negative effect. The Chinese Nationalists several weeks ago made pro forma denunciations of a dual representation solution, although they have not commented on Secretary Rogers' speech to the General Assembly on the subject. The Nationalists orally have asked at least one government to support dual representation, primarily as a means to bolster support for the Important Question. The possibility remains that Taipei might voluntarily withdraw from the UN should it become convinced that its ouster is likely.

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## Indochina

### South Vietnam: The Dry Season Comes

The Communists seem to be getting ready for their annual dry-season campaign, which they call the "Winter-Spring Offensive." An increase in military activity from October to March normally follows the ending of the monsoon rains. As the supply routes dry out, Hanoi cranks up its elaborate infiltration organization and begins to push men and material south.

There is little indication as yet as to the magnitude of the upcoming winter-spring campaign. However, most large-unit Communist forces do not appear ready for heavy fighting.

The only current hot spot is along the Cambodian border northwest of Saigon. In the last few weeks, the Communists' 7th Division has moved its headquarters and all three of its combat regiments from Cambodia to Tay Ninh Province. The move appears intended to press government forces in the province and to cut, if possible, the main overland supply route to South Vietnamese Army forces in Cambodia.

the top Communist headquarters has issued a directive calling for major military action in the next few months including attacks by the division in Tay Ninh. The directive also noted that Communist capabilities currently are limited and that efforts should be made to hold down casualties by emphasizing sapper tactics.

### Cambodia: The Communists Have Problems, Too

Government units participating in the Chenla II operation on Route 6 are consolidating their positions along the recently reopened highway. They are also conducting sweep operations in the vicinity of Santuc Mountain between Tang Krasang and Kompong Thom town. At least some of the Communist troops dislodged from that area may have been from a Vietnamese Communist regimental-sized unit, the 207th. A recent Khmer Communist who defected from the 207th has indicated that its headquarters had been in the Santuc area, the center for enemy military operations in eastern Kompong Thom Province.

The testimony of another rallier may explain in part why the Communists have not offered a serious challenge to the government drive up Route 6. The rallier,

has claimed that in May well over half of the predominantly Vietnamese troops in the 203rd and 205th regiments in Siem Reap and Kompong Thom provinces, disillusioned with the war and its hardships, lacked the will to fight. He also claimed that the two regiments had a high desertion rate, and were plagued by poor discipline and widespread corruption.

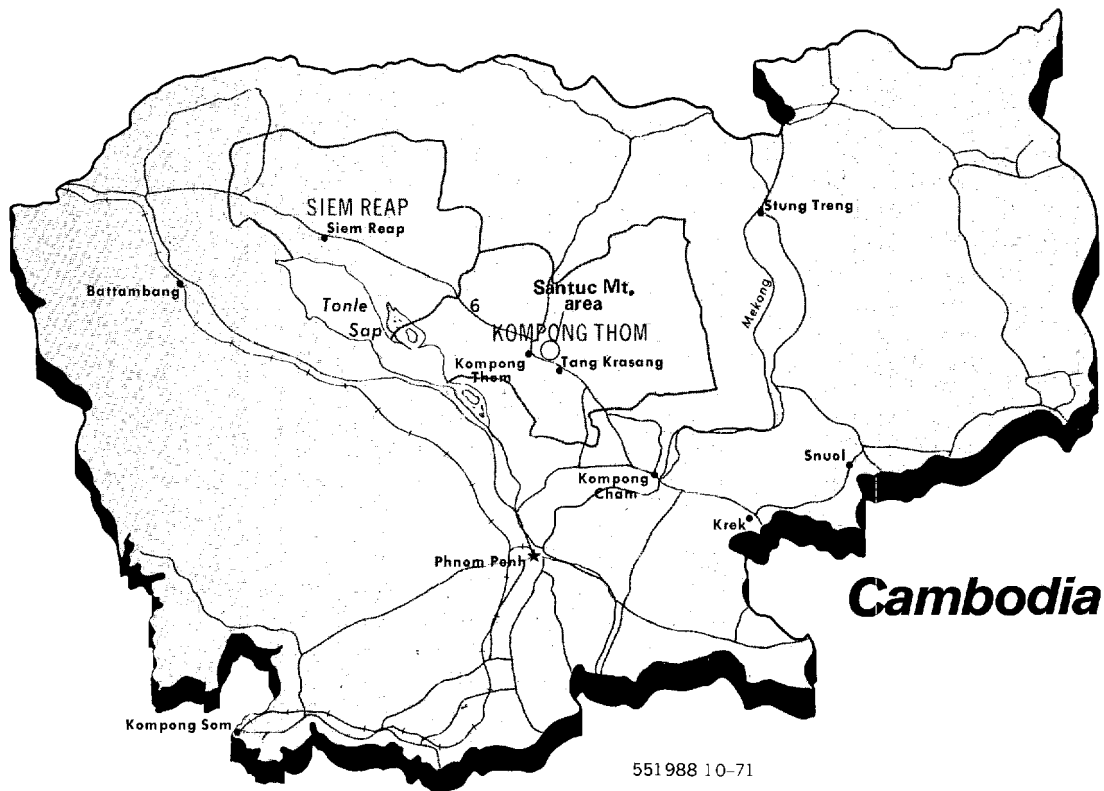
These problems apparently had an adverse effect on Vietnamese Communist training of Cambodian recruits in the two regiments. The rallier noted that with the expansion of the war

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into Cambodia, recruitment and training standards had to be lowered because of the pressing need for more troops. Regular indoctrination for the Khmer Communists was eliminated in some areas in favor of on-the-job training, which often included only perfunctory instruction on weapons and tactics. As a result, the morale, motivation, and combat effectiveness of the Cambodian recruits suffered badly.

*As for the Cambodians in Peking...*

The circumstances surrounding a symposium held recently in Peking for members of the Com-

munists' "National United Front for Kampuchea" suggest that the Khmer Communists have also been having their political problems. The symposium was chaired by Penn Nouth, the head of the Front's central committee, who serves concurrently as "prime minister" of Sihanouk's "Royal Government of National Union." A prominent role was also played by Ieng Sary, the shadowy Khmer Communist official. He has been getting high-level attention from the Chinese since arriving in Peking in late August as a "special envoy from the interior."

Although largely a propaganda vehicle, the symposium probably was also designed to

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promote better cooperation among the disparate personalities in the Front and the "government." Members of Sihanouk's entourage have been putting out the line that Ieng Sary had come to Peking to achieve a "reconciliation" between Sihanouk and Khmer Communist leaders in Cambodia.

It appears that Ieng Sary did his missionary work well, since Sihanouk told a foreign diplomat in Peking on 30 September that he is on much better terms now with the Khmer Communists. At the same time, however, Sihanouk reiterated that he is not a Communist and claimed that both he and his Chinese hosts want to see a nonaligned Cambodia with a coalition government. Sihanouk was less certain about his own future role. He said he would return to Cambodia once the Phnom Penh government is defeated. The people could then vote on whether they wanted him or not. In the past, his line has been that he would retire to France after the Lon Nol regime was ousted.

#### North Vietnam: Flood Damage

Waters have receded slowly since floods in late August blocked transportation arteries and spread over much of the prime rice lands in northern North Vietnam. Transportation remains disrupted and an estimated 15 percent of the important autumn rice harvest has been lost. Although damage to industrial facilities has been minor, production losses have contributed to undermining plans for economic recovery this year.

The torrential rains in mid-August breached numerous dikes along the Red River in the delta.

The dikes had already been weakened by record rainfall earlier. Premier Pham Van Dong described the ensuing floods as the worst since 1945, when hundreds of thousands died because of resulting famine. There apparently was little loss of life this time, but thousands of persons were driven from their homes.

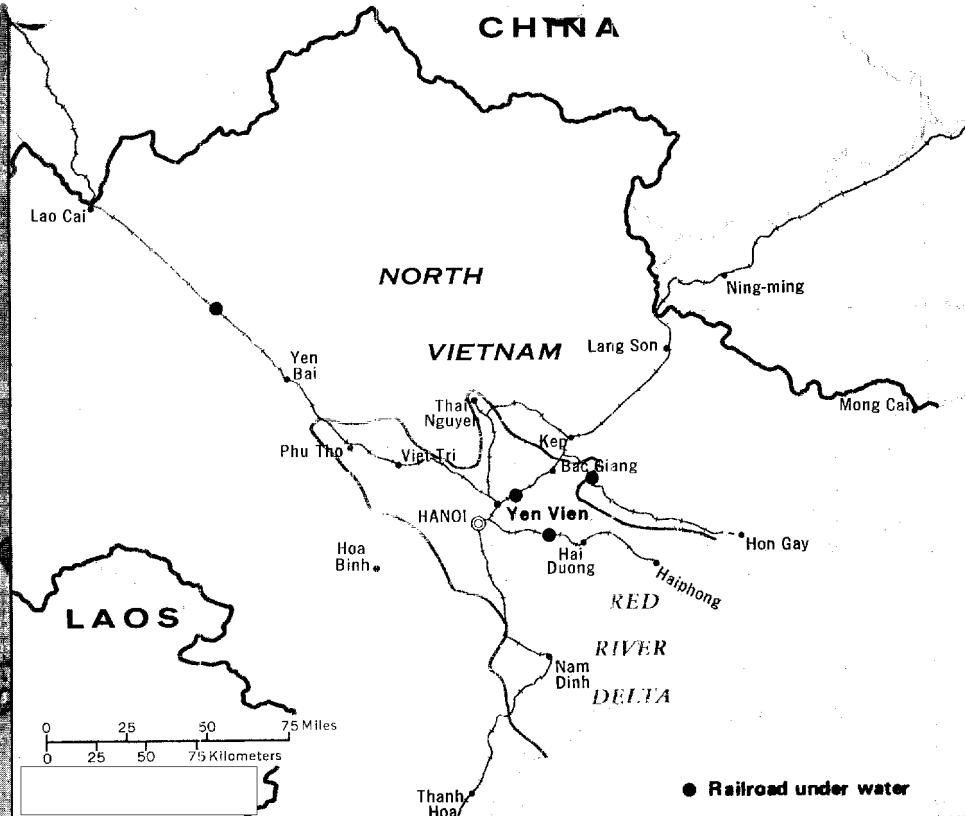
Photography [ ] shows that many transportation arteries, including the main rail line from China, are still blocked. Flood relief goods from China are probably diverted at Kep for shipment to Hanoi by way of the Thai Nguyen rail line.

Crop losses probably will reach 300,000 tons of polished rice. Increased imports from the USSR and China will probably make up the losses. Meanwhile, the press has urged farmers in areas from which the water has receded to increase acreage for secondary winter and spring crops of vegetables, sweet potatoes, and quick-maturing rice in order to help compensate for losses to the main autumn harvest.

Industrial installations are essentially intact, although disruptions to factory staffs and the distribution of raw materials have hampered production. It now seems doubtful that industrial production this year will regain prebombing levels, as had seemed likely before the floods.

Flooding was not severe in southern North Vietnam and apparently has had little effect on preparations for the dry season supply push in the Laotian panhandle. However, the annual infiltration push, which usually starts in October, could be delayed by prolonged flooding in the north and the diversion of some troops to flood relief work.

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18 Locomotives  
4 Diesels

Rail under water

Yen Vien Rail Yards

Yen Vien Station

Yards

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*A Renewal of Confidence*

With the departure of Soviet President Podgorny, Hanoi has in hand new high-level reassurances of continued military, economic, and political support from both Moscow and Peking. Podgorny arrived in Hanoi only five days after the Chinese politburo member Li Hsien-nien. The visits attest again that Hanoi has successfully managed to use the Sino-Soviet power rivalry, keeping its independence in decision making intact and the aid flowing from both countries.

Although Hanoi probably had to settle for less than it wanted from both, the Vietnamese doubtless hope that the new pledges of support and the public reaffirmation of political solidarity on the war will strengthen Hanoi's hand in dealing with the US. Although Communist propaganda on Hanoi's negotiating position appears uniform, it is possible that there are private divergences between Hanoi and its partners. The North Vietnamese have been suspicious of what Peking might do in the course of President Nixon's visit to China.

Nevertheless, Hanoi probably feels that the chinks in Communist support for its position have been adequately closed on the surface. It has received renewed pledges of military assistance from the USSR, which traditionally urges the negotiations path, and unqualified statements of support for its negotiations demand from China, which no longer lectures the Vietnamese on the virtues of total military victory.

**Laos: Apprehension in the South**

A month has passed since government troops drove the North Vietnamese from Paksong town, but the area is still far from secure. Government forces have failed to dislodge Communist troops north of the town, and the road to Paksong from the west is still unsafe. In the past few days, the initiative has begun to pass to the Communists as they probe government defenses and place accurate mortar fire on the Paksong airstrip. Government officials are again making plans to evacuate the town's civilian population.

US pilots report that enemy positions along the road to Paksong are being refurbished.

Paksong is vulnerable because several irregular battalions have been withdrawn for duty elsewhere or for rest and retraining before the start of the dry season. Many of the units that remain are unreliable, understrength, or fresh from basic training.

*Some Action in the North*

In the Plaine des Jarres area, the Communists are using mortar and probing attacks to keep Vang Pao's irregulars off balance. US pilots continue to report heavy troop movements east and north of the Plaine. Enemy forces do not appear to be massing against any one position and are probably not yet ready to launch a major offensive.

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**Malaysia: *The Government Issues a Warning***

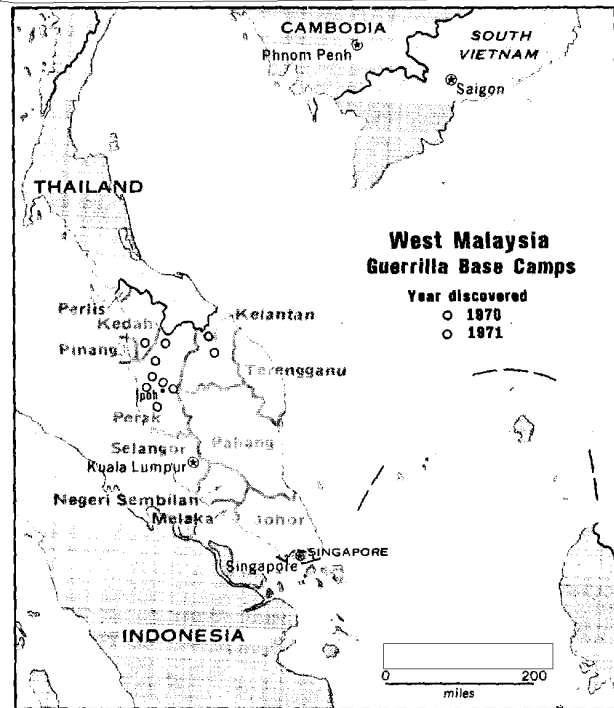
The Razak government has been in the forefront of Southeast Asian nations seeking to normalize relations with Peking, but Kuala Lumpur has few illusions that this will have a direct or early effect on Malaysia's internal Communist insurgency. The insurgents' continuing inroads in Malaysia have prompted the government to issue a new white paper on the problem in the hope that it will alert the public to the potential threat.

For almost a decade after the suppression of the Communist revolt of 1945-60, the insurgents confined their activities to the Thai side of the Malaysian border. In the past two years, however, they have begun to move south into Malaysia—establishing base camps and engaging in armed violence. Some 200 to 300 terrorists probably are currently inside Malaysia with another 1,300 to 1,500 north of the border in Thailand.

Because the terrorist cadres are almost entirely Chinese, the attitude of Malaysia's Chinese community, almost 40 percent of the nation's population, will be a crucial factor in the insurgents' future. Government policies designed to increase Malay participation in the economy have reportedly heightened insecurity among the Chinese about their own stake in the nation. Of immediate concern to government counter-insurgency forces, however, is the increasing number of Chinese squatters illegally farming the jungle fringes. Such people have historically provided the insurgents with an easily intimidated base of support. Deficiencies in police intelligence operations make it difficult for the government to determine how much immediate or potential support the insurgents enjoy among the Chinese population.

The Malaysian Government does not yet view the situation with alarm, but it wants to be certain that the insurgency is not allowed to develop any further, especially in the light of Kuala Lumpur's interest in pursuing a dialogue with Peking. Kuala Lumpur fears that the presence of a permanent Peking mission could encourage local Chinese leaders to take a more open antigovernment stance. Such concerns probably are behind Prime Minister Razak's requests for assurances from Peking that China will cut back its propaganda support for the insurgents.

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## EUROPE

### Soviet Globetrotters Carry On

Soviet President Podgorny's trip to South Asia and Premier Kosygin's to North Africa produced no surprises. Tangible accomplishments seem confined to further agreements on economic cooperation. They did at least accomplish their primary mission, that of asserting Moscow's far-flung political interests in the face of the overtures between Peking and Washington.

Podgorny's speeches in Hanoi left little doubt that his visit was designed to gain influence

at Peking's expense. Hanoi's decision to refrain from more public displays of displeasure with the Chinese, however, makes it difficult to gauge his success.

Podgorny and Le Duan took somewhat different approaches to the subject of the Paris negotiations, but this seemed more a reflection of long-standing differences of emphasis rather the result of new disagreement. In the final "joint statement," the Soviets fully endorsed the specifics of Mme. Binh's Seven Points as well as Hanoi's current line that each Indochina country has its own independent solution for the warfare within its territory.

Moscow's latest penchant for formalizing its relations with important friends is reflected in the signing of a "joint statement" with Hanoi instead of the customary communiqué. Though the statement differs little from a communiqué, the Soviets probably wish to import to it a more formal character. They are already characterizing it as an important political document and will doubtless refer to it frequently in



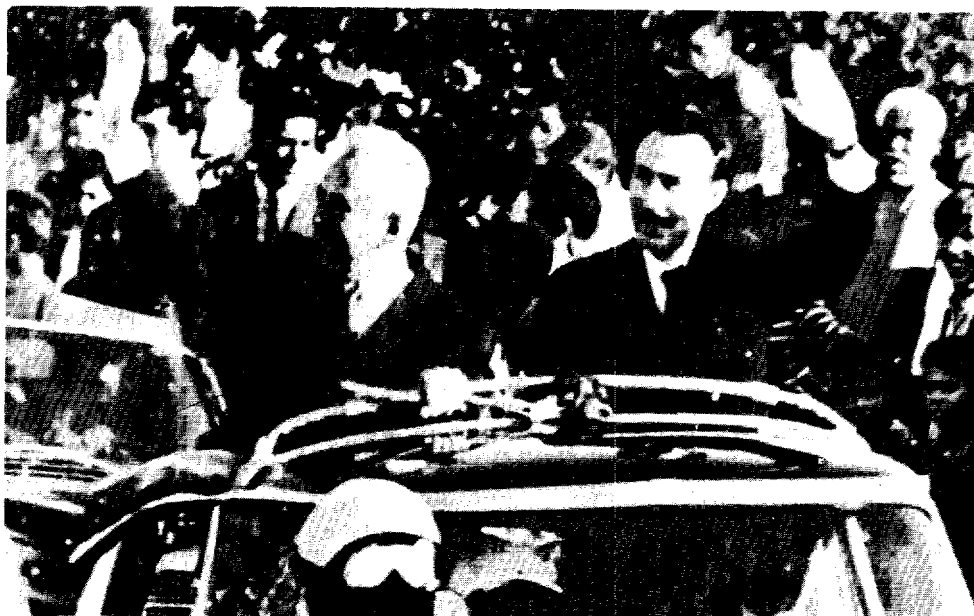
Communist radio photo

Le Duan Greets Podgorny in Hanoi

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their polemical exchanges with the Chinese. The Soviets may have offered the Vietnamese a friendship treaty similar to the ones they have been pushing elsewhere in an effort to counter China's recent gains in diplomatic respectability. In one of his speeches, Podgorny alluded to the need for Asian collective security, but he won no public expression of interest from the North Vietnamese.



Kosygin in Algeria With Boumediene

The two sides concluded separate agreements on military and economic aid and on trade. The Soviets also took their first official step toward participation in the longer range planning for rehabilitating the North Vietnamese economy and establishing an economic rationale for a continuing Soviet presence in North Vietnam. Though only vaguely alluded to in the final statement, a joint committee has apparently been set up to arrange for Soviet post-war economic assistance. Aid for reconstruction was hinted at several times during the visit, and the Soviets have already paved the way for such projects through crash efforts to complete the Thac Ba hydroelectric power plant. Completion of Thac Ba, which is expected by the end of 1971, will give the Vietnamese the necessary power cushion to begin a systematic overhaul and

restoration of bomb-damaged power plants throughout the country.

Economic matters appeared to dominate Premier Kosygin's talks in both Algiers and Rabat, and he called for an expansion of commercial dealings with both states. Nevertheless, no specific accords were signed in Algeria, and in Morocco the two states merely agreed to provide reciprocal maritime facilities. The agreement will have little impact because of the limited amount of shipping between the two countries. Moscow also agreed to supply equipment for a hydroelectric power plant under a 1966 line of credit.

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## Germany-USSR: *The Chains of Linkage*

A small cloud has settled over Bonn's Ostpolitik with reports that the Soviet Union would insist that West German ratification of the Moscow Treaty precede signature of the Berlin Agreement. Since West German leaders had long maintained that a Berlin Agreement must precede treaty ratification, the Soviet "reverse linkage" bid raised a specter of diplomatic impasse.

Publicly, Bonn authorities attempted to play down the situation, suggesting Moscow's position was not firm. They also made noises that German ratification of the treaty was virtually assured, thereby seeking to calm any Soviet apprehension that the USSR might come up empty-handed after making concessions on Berlin. Behind the scenes, however, the West German officials displayed considerable concern and began casting about for a formula to resolve the issue. Almost any way out of the dilemma, they implied, would be preferable to facing the wrath of the Christian Democrats in a Bundestag treaty ratification process without a Berlin Agreement in hand.

Soviet diplomats have made unclear and sometimes conflicting statements on the "reverse linkage." This is probably deliberate, since Moscow does not want to back itself into a corner by taking a rigid stand. While the Soviets do not want to risk the gains their Westpolitik has already made, they also want to be sure that their concessions on Berlin bring a tangible return. They may be aiming for some sort of chronological connection, in which the final Berlin Protocol and the Bonn-Moscow Treaty would come into force at about the same time.

Meanwhile, negotiations between East and West Germany and between East Germany and West Berlin resumed following signature of the inter-German postal agreement on 30 September.

To win Pankow's acceptance of the draft postal agreement, Bonn dropped its insistence that both sides use a common German-language text of the quadripartite agreement on Berlin as the working document in the inter-German talks. The two subsequently agreed to postpone the nettlesome question of West German competence to negotiate rules of transit for West Berlin civilians and goods between that city and the Federal Republic. Enlargement of the negotiating teams and agreement to schedule more frequent sessions of the talks show that Bonn and Pankow are settling down to a more businesslike discussion of the substantive issues. Despite the optimistic gloss given these developments by West German political figures in the media, the East Germans are sticking to their views on the extent of GDR sovereignty.

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In a period of uncertainty over the "reverse linkage" issue and the pace at which the inter-German talks might progress, Bonn officials took comfort in other, more positive developments. After several years of intermittent negotiations, West German and Soviet authorities on 5 October initialed a civil air agreement that provides for the inauguration of regular commercial flights. On 10 October, in the first regional balloting since the four-power accord on Berlin, Chancellor Brandt's Social Democrats won a resounding victory in the state of Bremen—increasing their share of the vote by nearly ten percent. Government spokesmen proclaimed the result a vote of confidence in Ostpolitik and gave every indication that the Brandt coalition will now pursue its initiatives toward the East with increased confidence.

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### *Austria: A Thin Margin for Kreisky*

The national elections last Sunday produced considerable suspense. Chancellor Kreisky's Socialists polled a majority of the vote, but nearly failed to acquire a parliamentary majority.

Austria's usually conservative electorate, enjoying unprecedented economic prosperity, gave the chancellor just over half their votes. This Socialist victory, unequaled in Austrian history, reflected the broad appeal of Kreisky's moderate and pragmatic image. In contrast, the conservative People's Party polled less than 43 percent of the votes—its worst showing in nearly two decades. Beset by a leadership crisis and burdened with a series of political defeats, the Peoples' Party was unable to match Kreisky's campaign or to come up with compelling issues.

Contrary to the chancellor's expectations, however, his party failed to get a big increase in its total vote; rather, conservative voters stayed home. As a consequence, the party breakdown in the newly expanded parliament will be very close—93 seats for the Socialists, 80 for the People's Party and 10 for the ultraconservative Freedom Party. The absentee ballot, which tends to be conservative, threatened for two days to re-

duce Socialist strength by one seat. Although this didn't materialize, Kreisky will still have only a two-vote edge over the opposition since his party must supply the nonvoting speaker.

An added element of uncertainty has been posed by the People's Party challenge to the legality of the elections, which are based on 1961 census figures. The Constitutional Court will hand down a ruling late this week.

In calling for elections last July, the Socialists sought to free themselves from dependence on an informal, though highly successful, working arrangement with the Freedom Party. Perhaps because few Socialists want to re-establish the Grand Coalition with the People's Party and many, although not Kreisky, regard the Freedom Party as an unworthy partner, Kreisky has decided to go it alone. Yet his razor-thin majority does not give him much operating room. Although solidarity has been a hallmark of the Socialist Party, the chancellor may be forced again to rely on his erstwhile ally, the Freedom Party, particularly on controversial pieces of legislation.

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UK-RHODESIA: Prime Minister Ian Smith last week confirmed British press reports that a negotiated settlement was "closer than ever before." Smith cautioned, however, that basic and major differences remain and that he would not compromise his position. This comment was probably designed primarily for the consumption of those in the prime minister's party who are unalterably opposed to conceding anything to the British, particularly on the issue of African majority rule.

Nevertheless, Smith's comment suggests that more hard bargaining lies ahead. Smith may meet with Lord Goodman, the Heath government's special negotiator, or Foreign Secretary Douglas-Home before mid-November when the British Parliament must decide whether to renew economic sanctions. British press sources say, however, that Douglas-Home will go to Salisbury only if he believes a settlement is a certainty.

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## Italy's Economy Dragging

A sharp drop in the economic growth rate in 1971 and a surge in the cost of living pose serious problems for Prime Minister Colombo's government. The recurring threat of Socialist withdrawal from the government, which would precipitate a political crisis, will be intensified if unemployment and prices continue to rise. Almost all political leaders hope to retain the present governing coalition through the presidential elections in December.

A hoped-for autumn revival in investment and industrial growth—needed to boost real GNP growth this year to a comparatively modest three percent—is apparently not materializing. Layoffs at major plants have been increasing. Prospects are dim for stronger export demand because of slower economic growth in West Germany and the adverse impact of the US economic program. Italian businessmen are increasingly pessimistic. All signs, in short, point toward continued investment and output doldrums.

At a recent press conference, Budget Minister Giolitti—in marked contrast to the past—refused to forecast the 1971 GNP growth. He merely stated that it would at best be very modest and derive from the agricultural and service sectors. His hesitancy was interpreted by the press as implying a possible zero growth rate. Given a 3.3-percent decline in industrial output in the first eight months of the year and the faded hopes for a late-year surge in demand and output, that interpretation may not be too far off the mark. In any case, the growth of real GNP will not substantially exceed one percent this year. It will be Italy's worst year in recent history. An accelerating rise in the cost of living compounds the government's economic difficulties. Skyrocketing prices of several Italian food staples, including cheese, aroused substantial public protest.

### GROWTH OF GNP IN CONSTANT 1963 PRICES

Year	Percent
1960	6.3
1961	8.3
1962	6.3
1963	5.4
1964	2.9
1965	3.6
1966	5.9
1967	6.8
1968	6.4
1969	5.9
1970	5.1
1971	1.0-2.0

The government is relying on antirecession measures announced in July, a reduction in the bank rate, and on manipulation of its social and economic reform program to help the economy out. Thus, Giolitti announced the government's intention to postpone implementation of the value-added tax system, legislated last week as part of a massive tax reform, until July 1972 to remove uncertainties and avoid inflationary effects. Moreover, in an attempt to quell labor unrest that has discouraged investment, the government recently acceded to union demands and enacted a southern economic development bill, which should pump funds into the economy. The government also hopes shortly to complete action on housing reform that will stimulate construction. It also promises to speed up use of funds already appropriated for school and hospital construction and for public works.

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## International Economic Developments

The major world financial powers will hold a series of conferences during October and November that will focus on the likely impact of any adjustments in the US balance-of-payments position on both the payments positions and domestic economies of each country. They also hope to derive a formula for international exchange parity changes.

A working party of the OECD Economic Policy Committee will meet on 18 October to try to reach agreement on how big the balance-of-payments adjustment for the US should be. The result is likely to fall between the \$8 billion proposed by IMF Managing Director Schweitzer and the \$13 billion sought by the US. OECD Secretary General Van Lennep believes that member countries could offset to a significant extent the recessionary impact of an adjustment of \$8-13 billion through reflationary measures. The studies and recommendations emanating from the working party will serve as the basis for discussion and decisions during a meeting of the Group of Ten in mid-November.

The EC Commission already has reached some preliminary conclusions regarding the impact of US balance-of-payments measures on member countries. In a report to an EC committee on the possible repercussions of the present

crisis on the employment situation in the community, EC Commissioner Coppe stated that a combination of the ten-percent import surcharge, the exclusion of imports from the proposed investment tax credit, the proposed tax deferment for export earnings, and world-wide parity changes might affect the jobs of about one percent of the people working in industry. The EC also estimates that the US measures would reduce the external trade balance of the EC by about \$2 billion and cut the present average export growth rate nearly in half.

Prospects for a unified EC position still appear remote because of the conflicting convictions of the two major protagonists, France and West Germany. Thus far, the success of the French two-tier exchange-rate system in not only curbing the inflow of speculative funds but also in permitting the Bank of France to unload substantial amounts of dollars has reinforced Paris' confidence in the wisdom of its course. For their part, the Germans steadfastly reject the controls that such systems entail. It has become evident among EC ministers that progress toward a 25X1 monetary solution must come from wider international forums where other pressures can influence recalcitrant views.

UN: Felipe Herrera of Chile, former president of the Inter-American Development Bank, has been nominated by the Allende government to succeed Secretary General Thant. Herrera, a self-described "leftist and political independent," does not belong to any party. He hopes to secure the endorsement of the Latin American bloc. Such an endorsement could be influential later this month

in gaining additional backing at the meeting in Lima of the nonaligned--a majority of the UN membership. The USSR, which appears to have lost hope that Thant will serve again, probably is reassessing its position and could find attractive a candidacy offered by Chile at this time.

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MIDDLE EAST - AFRICA

Sadat in Moscow

President Sadat's main objectives during his consultations with Soviet leaders this week were to reassure his hosts of the security of Soviet interests in Egypt, to be reassured of Soviet military and economic aid commitments, and to concert on diplomatic strategy on the Middle East.

Sadat may have tried to ease Soviet concern over the current trials of prominent pro-Soviet Egyptian figures arrested last May on charges of "conspiracy." Moreover, the Egyptians presumably tried to paper over differences stemming from the attempted pro-Communist coup last July in the Sudan.

The speeches during the first days of the visit, however, appeared to contain areas of disagreement. Sadat asserted that "force and only force" can bring about an Israeli withdrawal, although this tough rhetoric was softened somewhat by his reiteration that Egypt adheres to UN Security Council Resolution 242. Soviet President Podgorny, for his part, unequivocally stated the need for a political settlement. Podgorny's refer-

ence to the "anti-Communist and anti-Soviet campaign" in the Middle East appeared to be oblique criticism of Sadat's support for Sudan's anti-Communist purge, the political trials in Cairo, and Libya's role in the newly formed Confederation of Arab Republics.

Judging from the composition of the Egyptian cabinet-level delegation, both military and economic aid were high on the agenda. Egyptian War Minister Sadiq arrived in Moscow on 8 October before Sadat, perhaps to lay the groundwork for a comprehensive discussion of Soviet military assistance. The presence of Aziz Sidqi, first deputy premier and minister of industry, petroleum, and mineral resources, re-emphasizes the importance of the Soviets in the development of the Egyptian economy.

The communiqué winding up Sadat's visit called for a political solution to the Arab-Israeli deadlock and reaffirmed Moscow's continued military support to Cairo. The statement's equivocal handling of several delicate political issues confirms that a certain amount of tough bargaining took place.

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## Jordan-Fedayeen: *On and On It Goes*

Fedayeen-inspired terrorist and sabotage incidents against Jordan, and specifically against ALIA, the Royal Jordanian Airline, are mounting. An abortive hijacking on 5 October and an attempt to place a bomb on a plane the following day mark the fifth and sixth efforts against ALIA over a five-week period.

Amman has reacted strongly. On 3 October, two Jordanians responsible for blowing up the Trans-Arabian oil pipeline in July were hanged, as were three members of the Popular Front for the Liberation of Palestine convicted of murdering a family of five during the civil war of September 1970. A Fatah member who diverted an ALIA plane to Libya in September has also been sentenced to death.

Fedayeen spokesmen have seemed evasive in denying involvement in the recent incidents. Although Fatah confirmed that the condemned hijacker was a member, it claimed he had acted on his own. More recently, following admissions of Fatah membership by would-be hijackers, Fatah officials denied any connection with the incidents or the individuals concerned. After an explosion at Beirut airport on 6 October, a spokesman for the Popular Front for the Liberation of Palestine claimed that the whole affair—like other recent incidents—was a frame-up staged by Jordanian intelligence agents in cahoots with CIA.

Commando reactions were confused after the attempt on Yasir Arafat's life on 6 October. The Fatah information office in Beirut originally ascribed the attack to "disenchanted fellow guerrillas" led astray by counterrevolutionary ele-

ments who had infiltrated fedayeen ranks. An official spokesman later denied this version, however, arguing that the dissidents had previously been read out of the movement.

The appearance of disunity became even more pronounced after the fedayeen Executive Committee acted to resolve a long-standing dispute between the two top commanders of the Palestine Liberation Army by firing both, along with 29 other senior officers. While the purge may bring a slight measure of order into the movement, the emergence of more splinter terrorist groups suggests that it is, in fact, growing ever more fragmented. The shrill opposition within the movement to Arafat's willingness to talk with Jordanian leaders will narrow his room to maneuver in any negotiations with Amman.

Jordanian Prime Minister Tal and Commander in Chief Majali spent most of last weekend in Riyadh, meeting with Saudi and Egyptian mediators who have not yet given up hope of an eventual settlement.



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## OAU-Middle East: *The Wise Men Rush In*

The Organization of African Unity "Committee of Wise Men," ten African heads of state seeking to break the Middle East deadlock, is scheduled to convene in Dakar on 31 October. Four of the Wise Men will then go to Jerusalem and later to Cairo to meet with Israeli and Egyptian officials. Senegal's President Senghor, chairman of the four-man delegation that also includes Nigeria's Gowon, Cameroon's Ahidjo, and Mobutu of Congo (Kinshasa), has said that the mission will be exploratory. After the delegation concludes its talks the full committee will reconvene in Dakar early next month.

The Israelis feel obligated to cooperate with the mission but are less than optimistic about its chances for success. According to an Israeli official, his government believes the most it can obtain from the Africans is an imprecise formula for a settlement that skirts important questions such as total Israeli withdrawal from occupied Arab territories and direct negotiations.

The Egyptians, on the other hand, appear to be more hopeful that they can put the delegation to some use. At the UN last week, Foreign Minister Riad announced that Egypt would not push

for a special General Assembly debate on the Middle East until the four African leaders concluded their mission.

There is a basis for Egyptian optimism. The Committee of Wise Men is the result of an OAU resolution of last June. The resolution is the strongest pro-Arab pronouncement so far adopted by the organization. It calls for the immediate withdrawal of Israeli forces from all Arab territories, expresses full solidarity with Egypt (an OAU member), praises Cairo's positive position on UN mediation proposals, and deplores Israel's defiance of them. The Wise Men, however, claim to have put aside the resolution, and neither the full committee nor the four-man delegation appears to be weighted in favor of either side.

Chances are slim that the committee will be able to make any significant contribution. Senghor himself has no illusions about the difficulties to be faced, and the African initiative in general is vaguely formulated. Moreover, the effort could easily founder on the bickering that has marked OAU activities in the past. [REDACTED]

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## Turkey Still a Source of Heroin

[REDACTED] sales of opium gum by farmers to the government reached 146 metric tons this year compared with 60 tons in 1970. Ankara believes the larger sales reflect the government's more intensive collection effort supported by a higher government price for opium (up 58 percent over last year's price). Sales also were bolstered by extensive publicity given to new poppy-growing regulations which will provide compensation, based on this year's sales to the government, to farmers barred from producing next year.

Preliminary assessments based on comparisons with 1967, a year in which agricultural yields were similar, indicate that a smaller percentage of this year's crop has been diverted to illegal channels than in recent years. The diversion, nevertheless, was probably still significant and combined with illegal stocks of opium gum from previous years ensures that Turkey will remain the main source of heroin for the US market in 1972.

Although the Turkish Parliament has banned opium product on after 1972 and has passed the

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opium licensing law to control the 1971-72 planting, the government still has to issue decrees covering the compensation scheme and the program for rewarding voluntary withdrawal from opium production in the four provinces where production will be legal in 1972. It also must establish some criteria for granting licenses to farmers allowed to grow poppies in 1972. There are indications that the number of farmers applying for licenses may exceed 100,000 in 1972 compared with 90,000 producing farmers in 1971. This despite the fact that the provinces where poppy may legally be grown have been reduced from seven to four. If as expected, the government grants licenses to all who apply, next year's opium product could exceed the current crop, weather permitting. This would mean that Turkey will continue to be a source of illicit opium through 1973.

The US has agreed to extend funds to the Turkish Government, some of which will be used to remunerate farmers for their financial losses and some to offset foreign exchange losses to the Turkish Government from the loss of formally legitimate opium exports. As part of the US aid package, a high-level agricultural mission is scheduled to arrive in Ankara later this month to study the possibilities for developing substitute crops in the opium-growing areas and for establishing viable agricultural industries. To encourage a minimum crop in 1971-72, the US has offered to provide further financial compensation under a voluntary withdrawal scheme, and it is possible that some of the farmers who have applied for licenses will withdraw. [REDACTED]

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TURKEY: The withdrawal of the Justice Party from the cabinet last week brought about the near collapse of the government, but the danger has since subsided. Serious political maneuvering will probably not begin again at least until after Queen Elizabeth's visit next week. Prime Minister Erim has announced that he will not resign nor request an early vote of confidence. Justice Party leader Demirel, having made the point that the military-backed Erim government cannot take his party's support for granted, has indicated that the party's withdrawal from the cabinet does not necessarily mean that it would vote against the government on a confidence motion.

The Justice Party action was sparked by Erim's sharp criticism of the party during parliamentary debate late last month, but the issues run much deeper. Justice Party leaders resent what they see as increasing influence on Erim by the

Republican Peoples Party, the former opposition party that has a much smaller representation in Parliament than Demirel's party. The Justice Party also desires a bigger representation in the cabinet and more say in shaping the government's reform program—especially in matters of land reform.

Demirel claims he took a calculated risk in challenging the Erim government because he felt the time had come to find out "once and for all" whether Turkey has a parliamentary democracy or a military dictatorship. Although the military clearly holds ultimate power, there is a wide variance of views among military leaders over how directly that power should be exercised. There are some, for example, who feel that should the government fail to follow through on certain reforms, direct military rule should be imposed. [REDACTED]

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### Argentina: *Lanusse Crushes Revolt*

President Lanusse appears to have emerged stronger from the abortive mini-revolt of 8-9 October. In putting it down rapidly and without bloodshed, Lanusse received widespread support from the armed forces and a broad spectrum of civilian groups. He has already begun a housecleaning in the military of real and potential opponents.

The revolt was led by a small group of officers—mostly colonels—who are opposed to Lanusse's plan for reintegrating the Peronists into the political life of the nation and holding general

elections by March 1973. The "colonels' movement"—which termed itself nationalistic, populist, and Christian—wanted the military to "deepen the revolution" it had begun in 1966.

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President Lanusse tells the nation, "I have given orders to crush this antipopular, totalitarian attempt by those who, despising the lives and property essential to the country, try to place their personal ambitions ahead of the sovereign will of the people."

When the move came, however, it was ill-timed and poorly coordinated. Members of the colonels' movement in various assignments around the country were apparently caught unprepared and were unable to rally their units to the support of the rebels in Azul and Olavarria.

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President Lanusse, who is also commander in chief of the army, personally directed the countermeasures from army headquarters. More than 10,000 motorized troops were ordered to move from the Buenos Aires area to Azul during the night of 8 October. Rebel forces surrendered the next morning without a shot being fired. The leaders of the revolt were immediately imprisoned to await court-martial, which could result in relatively long sentences. They have since been joined by scores of other active and retired officers. Former president Levingston, who early announced his support of the insurgents, has been

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arrested, as have one or two other retired senior officers suspected of antiregime activities.

sonally telephoned encouragement to Lanusse at the height of the crisis.

President Lanusse's schedule returned to normal soon after the revolt was crushed. He further enhanced his appeal to the Argentine public when, less than 12 hours after putting down the revolt, he gave his daughter in marriage to the nation's most popular folk singer. The President is going ahead with his trip to Peru this week to meet with President Velasco. He will return this weekend by way of Chile, where he will be hosted by President Allende, who per-

President Lanusse is certainly the man of the hour in Argentina now, but dissension at various levels in the military will doubtless continue as he pursues his electoral strategy of rapprochement with the Peronists. His forceful action in putting down the revolt will discourage other potential plotters. Additionally, the widespread show of civilian support for his efforts will give second thoughts to those opposed to Lanusse's electoral plans.

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## New Guerrilla Activity in Colombia

An unprecedented number of guerrilla actions in rural areas in the past month, the attempted assassination in Bogota of the director of the Military School of Cadets, General Valencia, along with bombings in several major Colombian cities suggest that a new round of guerrilla warfare may be getting under way. The attempt against General Valencia is the first time Guatemala-style tactics have been employed in Colombia against a prominent public figure. The country has been alarmed by the incident, and there is speculation that subversive elements have put into effect a nationwide plan to destroy public order.

opening of the Soviet Embassy in Bogota in December 1968. Under Soviet instruction, the Communist Party has been careful not to provoke the government for fear that it would retaliate against the Soviet presence. The recent attacks could mean the party is no longer responsive to pressure from the Soviet Embassy.

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In rural areas, at least four military or police units have been ambushed, resulting in at least 15 men killed and a score or more wounded. Most of these attacks occurred in the southern departments of Colombia that have been associated with the pro-Moscow Communist Party's action arm, the Revolutionary Armed Forces of Colombia. This group has been relatively quiet since the

The assassination attempt against General Valencia on 7 October probably was carried out by the pro-Cuban National Liberation Army to commemorate the death of Che Guevara.

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**Disorders in Colombia**

High government officials, including the minister of interior, the commander of the police, and the army commander, seem convinced that the events of 7 October constitute the initiation of urban terrorism. Moreover, these officials appear convinced that the two guerrilla groups have reached agreement to divide the responsibility for rural and urban terrorist campaigns. The Soviet Embassy has come under increasing suspicion in the public mind for complicity in the recent incidents, and Conservative Party circles are

taking up the idea of breaking relations with the USSR.

During recent weeks, the US Embassy in Bogota has received threatening telephone calls. Precautions are being taken. In the meantime, government security forces are pursuing the guerrillas in an attempt to restore public confidence in the government's ability to protect its citizens.

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## Panama: *Fourth Year of the Revolution*

General Torrijos' Provisional Junta Government begins its fourth year in power on a note of confidence after successfully stage managing the largest public gathering in Panamanian history. The primary focus of government attention in the coming months will be on the canal treaty negotiations, but the regime will also move ahead to develop its student, labor, and campesino constituencies, to revise the constitution, and to hold elections.

Addressing a live audience of 100,000-120,000 persons last Monday on the third anniversary of the 1968 coup, Torrijos wavered between telling the crowd what it wanted to hear and avoiding any incidents that might disrupt the climate for negotiations. He indulged himself in the standard Panamanian attack on the injustice of the present arrangement and indicated that Panamanian patience with having a colonial enclave was coming to an end. He threatened, moreover, that if the current negotiations were unsuccessful he would again call the people together and personally lead the National Guard into the zone. However, after uttering appropriate nationalistic slogans and taking care not to arouse hopes that might be dashed if negotiations collapse, Torrijos emphasized that the US was displaying a spirit of understanding and that the negotiations had not yet failed.

Torrijos has recently been cultivating students and is sponsoring a National Youth Movement. He has been pushing ahead with his agrarian reform program in an effort to win favor with the peasants and he has persuaded the major labor unions to participate in a National Labor Council. As expected, he made the right noises to satisfy these groups. He reaffirmed his commitment to social development. He announced a more liberal labor code to become effective in January, and he raised the possibility of a nationwide pay raise.

Torrijos even indicated that he was finally prepared to begin the process of returning the country to constitutional, elected government. A commission is being established to amend the constitution and is expected to complete its work within six months. There will be, moreover, popular elections by August 1972 to select representatives from the nation's local districts—the corregimientos—to a national assembly. This body will be empowered to approve the new constitution and to elect a new president of the republic. It may also serve as the vehicle for ratification of any new canal treaty. This does not mean that Torrijos is about to abdicate. The assembly and the commission will be no more than rubber stamps for the administration. The election will be tightly controlled and the next president, who might well turn out to be Torrijos himself, will be indirectly elected.

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USSR-CARIBBEAN: A group of six Soviet surface ships are some 500 miles northeast of Puerto Rico headed for the Caribbean. The ships left the Mediterranean last week and are expected to arrive in the Caribbean this weekend.

There are four guided-missile ships—a Kresta-class cruiser, a Kashin-class destroyer and two Kanin-class destroyers. They are accompanied by two tankers. The group will probably practice ASW operations and pay port calls in

Cuba during the next few weeks. No submarines have been noted accompanying the ships, but a nuclear-powered, cruise-missile submarine is heading south from the Azores and probably will operate with the surface ships.

This would be the sixth Soviet naval visit to Cuba; the fifth was five months ago. Since that visit, the Soviet naval presence in Cuba has been limited to a rescue tug and two submarine support barges at Cienfuegos.

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GUATEMALA: Criticism of the violence and lack of civil liberties under the eleven-month-old state of siege is growing. The government and striking university students and staff have not gone beyond verbal battle, but the administration last week imposed censorship on a daily paper for printing a university declaration. The flyer, which was authorized by the university rector and governing body and signed by several professional groups, rejected government charges of subversive activity at the schools, insinuated official spon-

sorship of rightist terrorism, and demanded an end to the restraints on freedom. Officials in the Arana government hope to avoid a physical confrontation with the students and believe the situation should simmer down when academic vacations begin next week. The officials worry, however, that some agitators are looking for a martyr, and some of them believe that the current problems with the university are connected with a coup plot.

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DIRECTORATE OF  
INTELLIGENCE

# *WEEKLY SUMMARY*

## *Special Report*

*Belgium Seeks Political Equilibrium*

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**№ 44**

15 October 1971  
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## *Belgium Seeks Political Equilibrium*

Belgian politics in the past ten months has seen the culmination of efforts to resolve the historic tensions between the nation's Dutch- and French-speaking citizens. Skillfully led by Prime Minister Gaston Eyskens, the coalition of his Social Christian Party with the Socialist Party finally achieved a basic revision of Belgium's constitution and enacted the enabling legislation. The revisions in part simply formalize existing practices, but they also establish a legal basis for decentralization in cultural affairs plus new institutional relations between the linguistic communities. These measures promise a period of domestic tranquility, but they may also bring further loss of national identity and continued political disarray. The government takes the position that the "New Belgium" will be in keeping with the evolution of a regionalized European federation.

The confident Socialists led by ambitious leaders have used disagreements over intracoalition compromises to force Eyskens to call national elections before the holiday season. The election is scheduled for 7 November. It will not significantly affect the implementation of constitutional revision. On the other hand, it will provide a measure of public sentiment, particularly in Brussels, toward the Eyskens program as well as an indication of the future development of the country's badly fragmented and anachronistic party system.

### *Flemish-Walloon Rivalry*

Belgium, which came into being after the 1830 revolution, is in some respects an artificial creation. It has had deep-seated divisions, somewhat obscured by the dominant and centralizing role of the French language and the political-cultural elite which spoke it. In spite of its predominance in the body politic, three well-defined cleavages—relating to religion, politics, and culture—eventually produced tensions. Disputes between Catholics and Liberals concerning the secularization of education and the rise of class politics with the socialist movement provided severe tests of the survivability of the Belgian state. Resolution of the volatile issues of clericalism and socialism finally came when the School Pact of 1958 provided equal funding for both free and public schools and when a rising standard of

living defused latent revolutionary impulses among the working class. There remained to tax the ingenuity of the country's leaders the country's ancient conflict between Dutch-speaking Flemings and French-speaking Walloons.

A growing demographic imbalance favorable to the Flemings, the economic resurgence of Flanders, and the maturation of Flemish self-consciousness in cultural life have in this century prompted piecemeal efforts to satisfy Flemish desires for equal status in public life with the Francophones. Governments passed legislation, primarily during the interbellum period, officially recognizing and extending the use of Dutch in administration, in primary and intermediate education, in the judiciary, and in the armed forces. A series of acts in 1962-63 fixed the linguistic frontier between Flanders and Wallonia

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Prime Minister Eyskens

and stipulated that these areas were unilingual in virtually all respects. The capital city of Brussels, which is 85 percent French speaking but completely surrounded by Flemish communes, acquired bilingual status along with a system of inspection rigorously enforcing educational instruction for children in the language spoken at home. This system basically sought to prevent any further Frenchification of the capital. In order to preserve the linguistic boundaries, the acts decreed that the capital's six largely French-speaking suburban communes would remain under Flemish jurisdiction. These measures only partially alleviated the situation. Intercommunal animosity and accompanying political disarray continued.

#### *Constitutional Revision*

For the past three years, Prime Minister Eyskens' coalition government has tried to reconcile the two linguistic communities through constitutional revision, a difficult task demanding a two-thirds majority of both houses of Parliament. A series of extraparlimentary committees commissioned by the Lefebvre-Spaak government between 1962 and 1965 had drafted numerous and detailed proposals for revision, many of

*"As the nationalism of each state tends to dwindle, as each country experiences a growing need to become integrated in larger entities, we are witnessing a corresponding revival of regionalist views which nineteenth-century unitarian policies had succeeded in stifling."*

Belgian Prime Minister  
Pierre Harmel (July 1965)

which Eyskens has incorporated into his own program. However, the appearance after the 1965 elections of extremist parties espousing federalist and even separatist sentiments and the famous 132-day governmental crisis over the linguistic status of the University of Louvain in early 1968 completely undermined efforts to obtain a two-thirds majority for constitutional revision. These developments, particularly the failure of the tripartite Round Table meetings of 1964-65, revealed that the linguistic cleavages, unlike the country's religious and social cleavages, had never been translated into clear-cut differences of position among the political parties. With each of the three traditional parties having linguistic factions, as well as regional and ideological factions, compromises were next to impossible.

In the wake of the bitter crisis over the University of Louvain and the subsequent transfer of its French-speaking faculty to Wallonia, the linguistic extremists—the Flemish Volksunie and the two Francophone groups—scored major gains in the March 1968 elections at the expense of the established parties. The prospects appeared bleak that the incoming Senate and Chamber, which had a mandate for constitutional reform, would be able to bring it about, since this task seemingly could be accomplished only by a very unlikely tripartite coalition of the weakened traditional parties. Eyskens' two-party coalition came into being in late June 1968: with 127 seats it was 15 seats short of a two-thirds majority. Nevertheless, Eyskens proceeded to draft a package of constitutional amendments and a program decentralizing decision-making within the national Economic Planning Bureau. The former aimed at satisfying the Flemish desire for de jure recognition of equal legal and social status. Revision, among other things, would provide for "cultural autonomy," an intricate system of institutional arrangements protecting the cultural and political prerogatives of each linguistic community. The creation of three regional economic councils (including one for Brussels) was intended, on the other hand, as a concession to the Walloons, who had long believed something of that nature was

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required to combat their region's economic decay.

*Brussels: Lebensraum or a tache d'huile*

Eyskens, a Flemish Catholic, hoped that carefully balanced concessions to both linguistic communities would assure passage of his package. For the next two years, the government solicited the support of opposition parties, particularly the Volksunie and Flemish Liberals, but to no avail. After being forced to redraft its proposals in the spring of 1970, the government finally succeeded in enacting the economic decentralization bill, for which only a simple majority was required. Parliament also reached substantial agreement on most of the constitutional revisions. These floundered in the Senate on 25 June, when 20 Volksunie deputies and 45 French-speakers (primarily Socialists and Liberals from Brussels) boycotted the proceedings. The dispute over the territorial definition of Brussels precipitated the crisis. Militant Flemings, who regarded the capital as an expanding oil spot in Flemish territory, had demanded an amendment specifying that the capital consisted of only the 19 central urban communes defined in the 1962-63 linguistic laws. In turn, the French-speakers denounced attempts to restrict the natural demographic and economic growth of "their" city. Lacking the votes for revision and with the summer vacation approaching, parliament disbanded.

The ensuing stalemate produced dissatisfaction in all quarters and threatened the tenuous coalition government. Flemings and Francophones traded vilifications. With constitutional revision in limbo, attention gradually turned toward the sexennial communal elections scheduled for 11 October. The coalition partners, particularly the Socialists, polled surprisingly well in their regional strongholds and held the gains of the Volksunie and the Walloon Rally to a minimum. As usual, Brussels presented a different picture. Nine groups campaigned in the capital but only one, a bilingual slate of candidates under former prime minister Vanden Boeynants, sup-

ported Eyskens' program. The people responded by giving the Francophone Democratic Front and like-minded Liberals and Socialists 72 percent of their votes. The former alone garnered nearly a third of the vote. Flemish fears, however, subsided when formal alliances of French-speakers failed to materialize. The Liberals in Brussels had suffered grievously, losing 65 communal seats, but the national leadership was not inclined to tarnish the party's traditional image further by allowing its Brussels wing to affiliate with French-speaking extremists. Likewise, the Socialist Party's national organization pressed Henri Simonet and his Brussels Socialists to negotiate with Eyskens in order to facilitate constitutional revision.

The government reacted moderately to its political defeat in Brussels. Eyskens, who had threatened resignation, undertook a series of consultations with various parties. While his talks with Simonet proved fruitless, his decision to engage in them was courageous, considering the pressure on him from the Flemish wing of his own party and the Flemish press to avoid any concessions.

*Revision Attained*

In the following weeks, Eyskens achieved a surprising breakthrough with the Walloon Liberals. A general fear within the badly battered Liberal Party that new elections would be called greatly assisted him. Moreover, he effectively utilized the estrangement of the Walloon (and Flemish) Liberals from their Brussels colleagues. In reintroducing his program to Parliament on 19 November, he directed his criticism at the "Brussels egoists" and not at the representatives from Wallonia. Among the latter, national Liberal president Pierre Deschamps was personally favorable to proposals granting Wallonia more protection and leverage in the national institutions.

Actually, several concessions split the ranks of French-speaking opposition. Most important, Eyskens promised the Liberals not to call





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## Chamber of Representatives

Party	Flemish Linguistic Group		Francophone Linguistic Group		
	Flanders	Brussels	Brussels	Wallonia	
Social Christian	45	5	4	14	— 68
Socialist	27	2	5	25	— 59
Liberal	17	2	5	21	— 45
Flemish Nationalist (Volkunie)	18	2	—	—	— 20
Francophone Democratic Front and Walloon Rally (FDF-RW)	—	—	6	7	— 13
Communist	—	1	—	4	— 5
Maverick Liberals	—	—	1	1	— 2
	107	12	21	72	212

-  Present coalition government  
 Linguistic parties  
 Potential anti-government Francophone alliance in Brussels  
 Henri Simonet's Independent Brussels Socialists

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elections for one year. He also agreed to restore the *liberté* to the capital before the next school year. The *liberté*, abrogated by the 1962-63 linguistic laws, allowed the head of the family freely to choose the language of instruction for his children. Lastly, Eyskens suggested that the proposal limiting Brussels to the 19 central communes would not be included in the constitution. Although these last two concessions raised Flemish ire, the metropolitan limits of Brussels were secured in a crucial passage which strongly implied identification of the six peripheral communes with Flemish territory. After marathon sessions, the Chamber passed the proposed revisions on 10 December and the Senate followed suit eight days later.

*The New Look*

The new look of the constitution is less national and more regional than before. Various articles officially recognize the legitimacy of existing subdivisions. Belgium now has four linguistic regions, three geographical areas, and three cultural communities. Any change in the linguistic boundaries or in the authority of regional institutions will require an "extraordinary majority," i.e., two thirds of each house and a simple majority in each linguistic group within each house. These amendments, primarily intended to dispel Flemish anxiety, provide new forms of legal identity and status for the linguistic groups.

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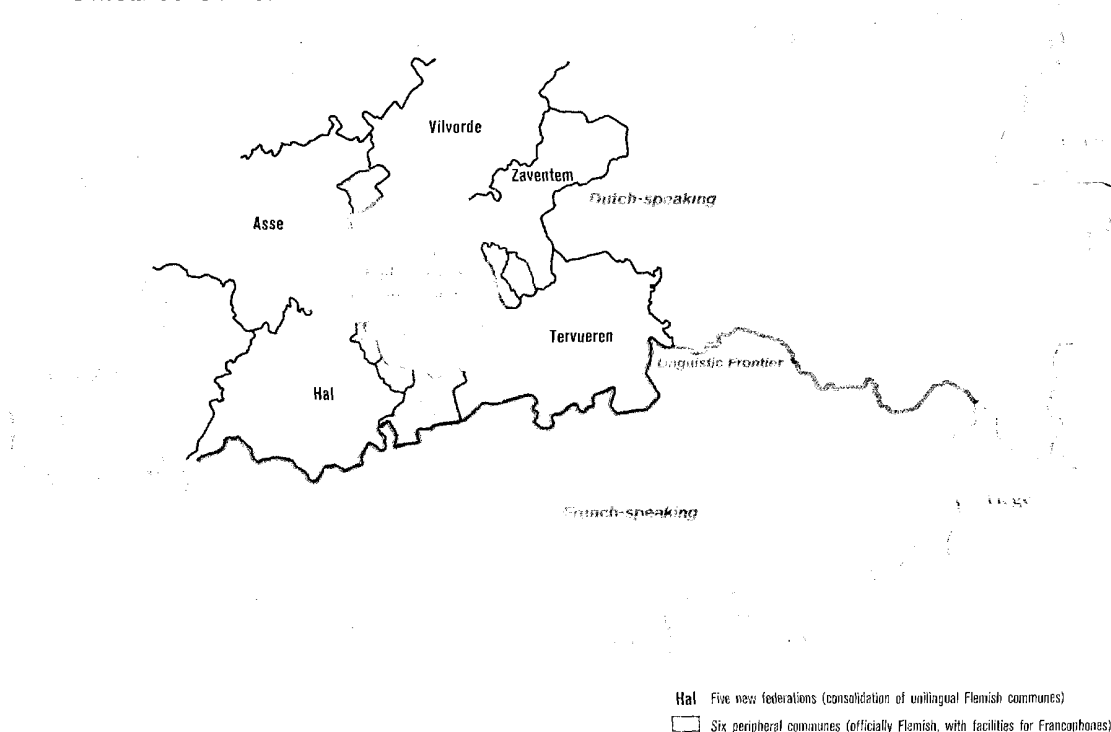
Four essential principles underlie the revisions—linguistic parity in executive bodies, linguistic groups in legislative bodies, corresponding suspensive veto power, and cultural autonomy. The operation of these principles will bring real changes to political life in Belgium.

its interests. The cabinet and Brussels' *collège*, however, retain the responsibility for final judgment. These institutional arrangements will serve to protect the linguistic minorities—Dutch-speakers in Brussels, French-speakers in the country at large.

Except for the prime minister and the capital's president, equal numbers of Flemings and Francophones must sit in the national cabinet and in Brussels' new executive body, the *collège*. The new constitution also decrees the formal division of Parliament and Brussels' urban council into French- and Dutch-speaking groups. Each group, on both the national and municipal levels, may suspend legislation for 30 days if three fourths of its members deem such legislation detrimental to

As for cultural autonomy, the constitution provides for the creation of French and Dutch national cultural councils and corresponding committees for culture in the Brussels area. Each council or committee will have exclusive jurisdiction over its community's cultural affairs and enjoy broad regulatory powers over educational matters and the use of languages. These bodies will either be identical to or elected by their respective linguistic groups in Parliament and the Brussels urban council.

#### Brabant Province



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### *Brussels: An Equilibrium?*

These provisions aim at establishing inter-communal equilibrium on the regional level and in Brussels. For the sake of this aim, the political leaders of the Flemish and Walloon communities were willing to sacrifice the interests of Brussels' French-speakers by creating an undemocratic municipal structure as well as restricting legally its territory. While the capital's legislative council will be overwhelmingly French speaking, the Flemings will enjoy parity in the twelve-man *college*. The disproportionate suspensive power awarded to the council's minuscule Flemish group only compounds the inequity. Although they represent only a third of the population, the Flemings will also have 12 of the 15 seats on the committee governing intercity affairs for Greater Brussels.

More importantly, Eyskens' program modernizing municipal and local administration will integrate the capital's six suburban Francophone communes into five new federations dominated by strictly unilingual Flemish communes. This exercise in gerrymandering will effectively isolate the 19 urban communes from Wallonia. The restoration of the *liberté* can therefore hardly be regarded as sufficient compensation to the French-speaking majority.

### *The Pangs of Implementation*

During the first half of this year, fears of French-speakers concerning these and related matters hampered Eyskens' attempts to pass enabling legislation. Ironically, the constitutional amendment establishing the "extraordinary majority" made the situation particularly acute. In order to enact legislation pertaining to the new cultural institutions, Eyskens needed a simple majority of the Flemish and Francophone groups in both houses as well as an over-all two thirds majority. His program was endangered because he was very unlikely to gain a simple majority on the French side of the Chamber. The Chamber was dominated by opposition parties such as the

Liberals, Simonet's Brussels Socialists, and the Francophone Democratic Front. All Eyskens' proposals—municipal reorganization, the *liberté*, and cultural autonomy—were inextricably inter-related. Each in some way depended on the others. Since the prime minister had staked his reputation on the restoration of the *liberté* by 1 September, a defeat on the other measures, particularly cultural autonomy, would have ended his coalition.

While these proposals languished in parliamentary committees in June, Eyskens met with Deschamps and the Liberals, looking for support. He was unable to satisfy the Liberals. The party, except for its Brussels wing, wanted a system of proportional representation for the new metropolitan councils. Most importantly, Flemish Liberals sought a "cultural pact," fashioned along the lines of the School Pact, to protect nonlinguistic minorities from discrimination. Eyskens regarded such a pact as superfluous, the relevant constitutional amendment being a sufficient guarantee of minority rights in his view.

The Liberals' demands however strained the cohesion of the coalition. The Socialists, particularly those from Flanders, began to recognize that proposals for cultural autonomy and a system of majority representation might, if enacted, seriously disadvantage Socialist office holders. Thus, a strange if tacit convergence of views emerged between the Liberals and Flemish Socialists. Each feared losing representation under those circumstances on the urban and cultural councils. Their leaders were obsessed with the idea that they could lose control of the patronage and finances dispensed to these bodies by the central authorities.

Nevertheless, drawing on Volksunie support, Eyskens was able to squeeze the project on cultural autonomy through the Senate. Commitment to restore the *liberté* and fear of new elections kept the coalition intact. With only five days remaining on the parliamentary calendar, Eyskens still needed Liberal votes in the Chamber's

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French-speaking section. He had virtually no room to maneuver. Since Deschamp's Liberals refused to compromise and his own Socialist colleagues were becoming increasingly restive, Eyskens agreed on 15 July to establish proportional representation nationwide and committed his government to negotiate a cultural pact during the next parliamentary session. These concessions were a small price to pay, for with Liberal support the prime minister succeeded in enacting his whole legislative package before the summer recess.

#### *Socialists Seek Victory*

The passage of Eyskens' program enormously increases his prestige and underscores the viability of the democratic process in Belgium. For the first time in several years, members of Parliament expected to concentrate on economic issues during the fall session this year. With only two weeks before the reconvention of Parliament, however, Eyskens on 24 September agreed to dissolve both chambers and call national elections for 7 November, seven months ahead of schedule. Although he blamed this snap decision on the international monetary situation, he was in fact reacting to the intensification of political maneuvering already under way. During the past month, the prime minister was unable to maintain cohesion even within his own party. The Flemish wing, backed by the Flemish press, indicated an unwillingness to act this fall upon legislation most desired by the Socialists—the cultural pact, the institution of regional economic bodies, and a special bill aimed at resolving the disputed situation in the Fourons, six bilingual communes along the country's eastern linguistic frontier. Along with the *liberté*, Eyskens had promised these measures to the Socialists and the opposition Liberals in return for their support of constitutional revision. The government's continued existence depended in large measure on the fulfillment of the bargain.

Moreover, the politically confident Walloon Socialists had in fact been eager to test their

strength before the holiday season. Competition between Edmund Leburton, party co-president, and Andre Cools, Belgium's vice premier, for the position of the next prime minister has propelled the party in this direction. Throughout the summer the intensely ambitious Leburton criticized party action in compromising with Eyskens' Social Christians. On the eve of



**Edmund Leburton**  
*Minister for Economic Affairs*

a top-level coalition meeting his inflammatory remarks about the Social Christians precipitated the crisis. Leburton's action was primarily tactical and not rooted in any opposition to Eyskens' program. One of Belgium's best-known secrets is Leburton's desire to head a Socialist-Liberal coalition. He has carefully cultivated relations with Liberal President Deschamps and has even taken quiet soundings elsewhere.

Although constitutional revision has been completed, the intrusion of national elections will undoubtedly complicate the implementation of cultural autonomy. The *liberté* has already been restored in Brussels, but the institution of the cultural councils, scheduled for 1 December, will probably be delayed. Other items, such as the cultural pact and the renewal of the School Pact will also be placed in limbo.

#### *Regionalization and Fragmentation*

Eyskens' success in achieving constitutional revision was due in large measure to a decline in political tensions and demonstrations, at least in Flanders and Wallonia over the linguistic issue. This trend is reflected in setbacks the Walloon Rally and Volksunie suffered in communal by-elections this summer, presaging further losses for these one-issue regional parties in the upcoming national elections. The Volksunie has in fact

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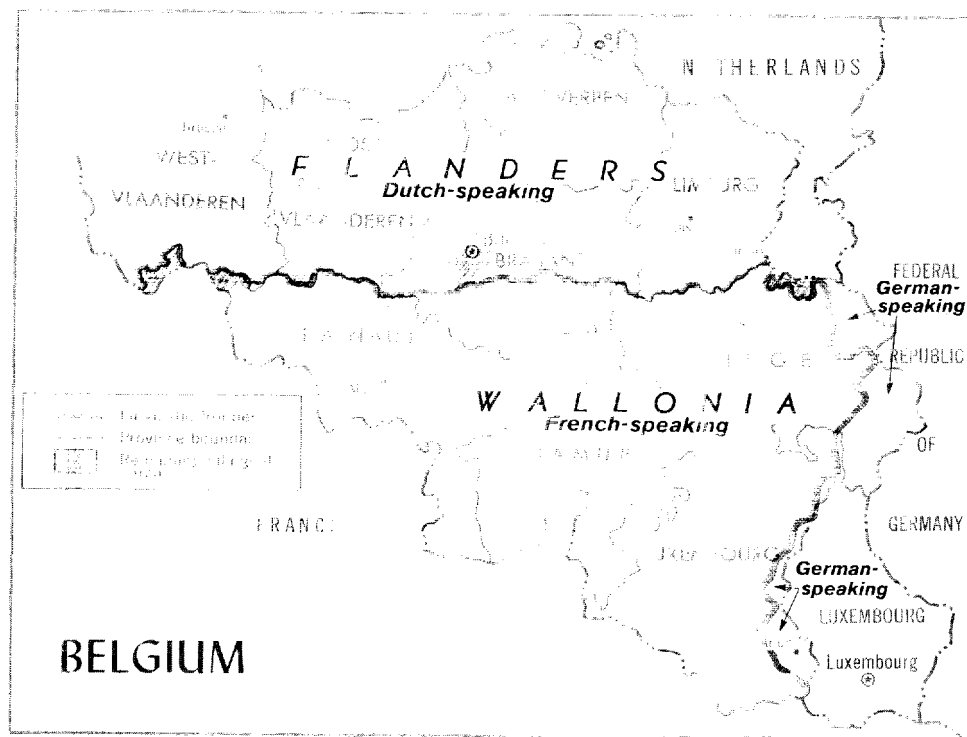
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begun to formulate a more progressive social image to try to maintain voter appeal.

On the other hand, the new institutional arrangements which emphasize linguistic identity do nothing for the unity of the traditional parties. Their regionalization continues unabated. For the past few years, the Social Christians have officially functioned as two separate parties, Flemish and Walloon. The Socialists at their last congress elected co-presidents representing each linguistic community. The Liberals formally reorganized into three regional groups this summer, the compromises between the Walloon Liberals and Eyskens having deepened the fissures within the party. A recent pre-electoral alliance between the Brussels Liberals and the Francophone Democratic Front has exacerbated the situation. No semblance of unity remains in the very party that

has long prided itself on its "Belgian" character. Differing political philosophies and religious affiliations will probably prevent a realignment of the liberal factions with other parties on a linguistic basis and may undermine Leburton's efforts to form a Socialist-Liberal coalition.

For Brussels, much depends on next spring's municipal elections. To repay the sacrifice of the city's interests by "indifferent" Walloon politicians and the government, a French-speaking front in power with or without Simonet's Socialists could sabotage the new municipal machinery. This political isolation of Brussels looks like the weakest point in Eyskens' "New Belgium." The city could easily become a powder keg in the national elections if the French-speakers' resentment intensifies.



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The functioning of the central government, which already has four dual ministries for Flanders and Wallonia, will actually be changed little by the constitutional revision. Although decision making is more decentralized, the government does retain final authority over the cultural councils and Parliament's linguistic groups. Coalition stability will be more at the mercy of intraparty factions than ever, and this can easily hamstring domestic legislation in Parliament. There are proposals to prohibit executive action and require full parliamentary ratification of each international agreement undertaken by Belgium in the future. If this is done, regional anxieties could affect foreign relations and perhaps complicate Belgium's position with the European Communities.

While federalization has supposedly resolved the question of national identity, the Belgians still have to concern themselves with such trivialities

as linguistic parity in positions and promotions within the Belgian Army and Foreign Ministry. Moreover, it is questionable whether an intensified provincialism can be accommodated by the present "European" institutions. For example, several aspects of the educational system in suburban communes of Brussels clearly conflict with rulings by the European Court of Human Rights, which favor French-speaking residents. The new Flemish cultural council may, of course, choose to defy these supranational rulings. A legitimization of parochial interests could thus run counter to the "new Europe." The government nevertheless portrays its policies as being consonant with the spirit of West European integration. Coalition leaders as well as articulate members of the nation's political elite believe that the weakening of Belgium's political unity and identity will be no great loss, particularly in the long run. They envision the "New Belgium" as a step toward the gradual emergence of a regionalized and federated Europe.

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DIRECTORATE OF  
INTELLIGENCE

# *WEEKLY SUMMARY*

## *Special Report*

*Japan's View of the US: A Reassessment*

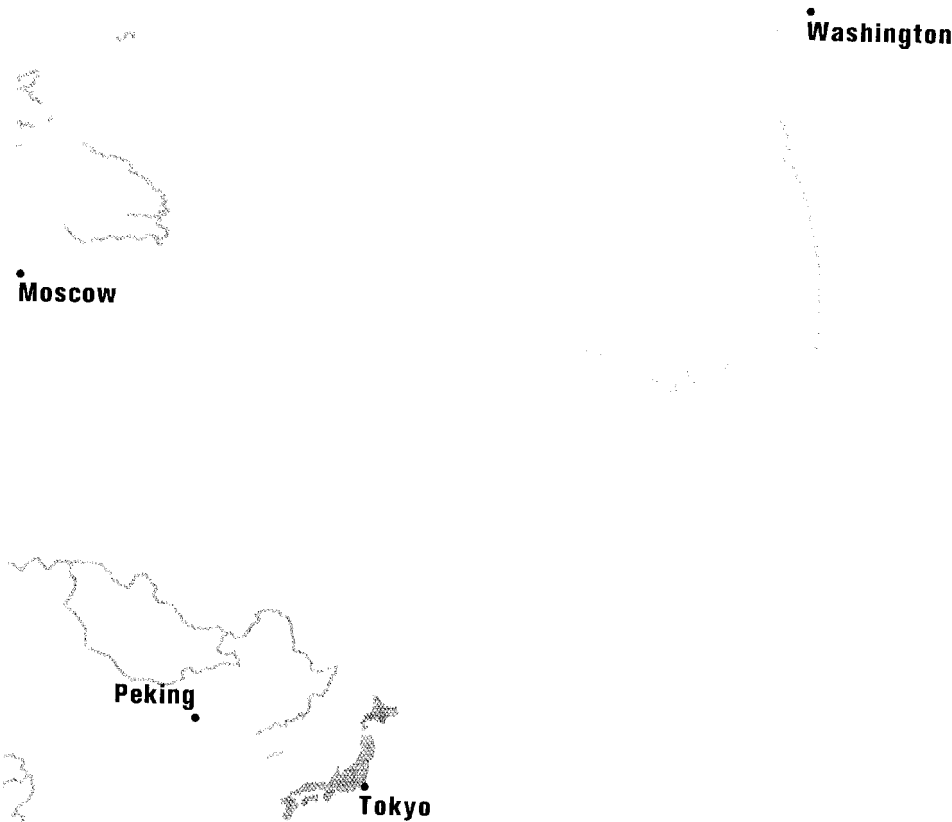
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15 October 1971  
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## Japan's View of the US: A Reassessment



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Japan is now engaged in a reappraisal of its close ties with the US. Fully aware of the need to preserve the enormous profitability of extensive economic relations with the US, more and more Japanese are convinced that Tokyo should move more rapidly away from the status of obedient client it has had since the war. Inevitably, the dynamic growth of the Japanese economy and the growing assertiveness of Japan's national and racial pride will create tensions between the two countries. The question, however, is whether these tensions can be accommodated within a healthy, constructive bilateral relationship, or will generate an atmosphere of mutual distrust and recrimination. The handling of several key issues in the next year or two notably the Okinawan reversion agreement and certain contentious economic problems, will strongly influence the ease and extent of the readjustment.

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Prime Minister Sato

Prime Minister Sato is in deep political trouble, largely as a result of growing difficulties between the US and Japan. President Nixon's unexpected China initiative dropped like a bomb on Sato's political position,

[redacted] President Nixon's absence from the historic, satellite-televised signing of the Okinawan reversion agreement in June was widely interpreted in Japan as a deliberate snub at Sato for his failure to fulfill an alleged promise to President Nixon to resolve the textile dispute. The widespread belief that Sato has lost the confidence of Washington, as well as the general assumption that this is Sato's last term, contributed to a growing challenge to his leadership in foreign policy as well as internal party affairs.

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### *The Honeymoon Period*

In 1952, Prime Minister Yoshida firmly established a policy that has been closely followed ever since: a close relationship with the US is essential to Japan's welfare and must be preserved at almost any cost. This was based in part on the assumption that the US placed an equally high value on the relationship, as well as a recognition of the political, economic, and security realities of Japan's immediate postwar position. Believing in the long-term importance of a prosperous, healthy Japan, the US heavily aided Japan's economic recovery. As Japan's external trade relations became strongly oriented toward the US, a conservative, pro-American leadership emerged that had deep roots in the burgeoning business establishment. In this highly protected, profitable environment, the Japanese by and large followed US policies dutifully, worrying little about national security and avoiding regional political entanglements.

Aside from the 1960 crisis over the mutual security treaty, when the usually fragmented left briefly pulled itself together to topple the Kishi government, Japan's close relationship with the US went largely unchallenged until the late 1960s. Then the Vietnam issue became a source of embarrassment for the Sato government, in part because of popular concern that US actions from Japanese bases might involve Japan in a war

against its will. When President Johnson stopped the bombing of North Vietnam, this issue began to lose steam.

In the period leading up to renewal of the US-Japan security treaty in 1970, the problem of Okinawan reversion emerged as a far more volatile potential irritant. For the US, failure to reach an agreement on Okinawa would have resulted in a very exploitable image of the US as an occupation force, an image incompatible with the increasingly assertive Japanese pride and sensitivity. The agreement reached between President Nixon and Prime Minister Sato in late 1969 to hand Okinawa back in 1972 deflated the issue, despite the popular unhappiness in Japan over alleged ambiguities in the joint communiqué regarding the future status of nuclear weapons on Okinawa. With the Vietnam issue losing its appeal and the Okinawan problem ostensibly resolved, the leftist campaign to block automatic extension of the security treaty in June 1970 fizzled. The left was fragmented and demoralized. Sato was riding high, with visions of retiring at the end of his unprecedented fourth consecutive term to a role as respected elder statesman.

His euphoria was short lived. His assurances to President Nixon during the 1969 Okinawa talks that he would do his best to resolve the textile problem proved difficult to fulfill. Textiles became intertwined with growing nationalistic

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sentiment in Japan, where threats of US protectionist legislation were perceived, and emotions on both sides rose perceptibly. Even ratification of the Okinawan reversion agreement came into doubt. The textile issue marked the beginning of the erosion of Sato's power. These ominous developments, capped by the political uproar in the wake of President Nixon's China announcement, threaten to loosen the intimate postwar relationship between the two countries.

#### *Different Values, Perspectives*

Most Japanese recognize the desirability of maintaining a healthy and mutually profitable relationship with the US. These ties have enabled Japan to develop into the world's third largest economic power in a highly protected environment. Under the nuclear umbrella of the US, Japan has been able to pursue a foreign policy that is unique for a country with its economic clout—a diplomacy based on pacifism and noninvolvement in Asian security problems. This policy of noninvolvement is partly a result of a lack of consensus on what role Japan should play in Asian affairs. Recent developments, especially those related to the China issue, have left the Japanese with a feeling of unease and isolation, and this most certainly will accelerate Japan's efforts to determine where its national interests truly lie.

barrier and Japan's relatively closed society, with its unique values and mores. Thus, Japan and the US sometimes find it hard to discuss problems under common assumptions and constraints. 25X6 25X6

#### *The China Bomb*

President Nixon's announcement on 15 July that Henry Kissinger had just returned from Peking and that he himself would visit China by May 1972 stunned the Japanese. In the eyes of most of them, the impression, carefully cultivated in Tokyo, of close US-Japanese consultation on key bilateral issues was demolished. The shocked reaction recalls the nightmare of a former Japanese ambassador to the US. In this nightmare, the ambassador recounts, he wakes up one terrible morning to discover that the US has recognized Peking without informing him in advance.

The China issue is highly sensitive in Japan—one of the foremost foreign policy issues in the public eye. The Japanese have long felt a strong cultural and racial affinity with the Chinese, and sympathy for improved political and economic relations with them is widespread. In this environment, Sato, like his equally conservative predecessors with strong ideological and economic ties to the Chinese Nationalist Government, has been successful in quietly promoting the impression that a cautious China policy was the necessary price for maintaining Japan's highly beneficial economic and security relationship with the US.

*"Intellectually I know that another war between Japan and the US is unthinkable, but emotionally, I sense a kind of pre - Pearl Harbor atmosphere in the relations between our two countries."*

—a Japanese official (4 Aug. 1971)

Any country has difficulty in adjusting to the changing set of international circumstances. In this case, these are compounded by a language

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*"I think the time has come to change our attitude. It is necessary to develop a new policy before Japan is cornered into isolation."*

— Acting Foreign Minister Toshio Kimura  
(30 Aug. 1971)

While there no doubt has been a degree of emotional overreaction in Japan to recent US overtures to Peking, a number of conclusions on the impact of these developments on US-Japanese ties are widely shared, even among conservatives close to the Sato leadership. The feeling is widespread that the US failure to consult has fostered in Japan a sense of mistrust toward Washington and has undercut a major premise of Japanese foreign policy. Ambassador Ushiba, addressing the National Press Club in Washington on 11 August, acknowledged that a credibility gap had been created in Japan that would not easily be bridged.

Japanese who actually believed that Japan owed the US a moral debt for its postwar "generosity" feel that this debt has been wiped out by the President's move toward China. A large number of them have always believed that the US helped rebuild Japan purely out of self-interest, recognizing the dangers inherent in a politically unstable Japan. In any case, an increasing number of Japanese are coming to believe that, in view of changing international relationships, Japan must look after its own national interests rather than depend on the US. A major Tokyo newspaper, *Sankei*, has suggested that the US may now be returning to its pre - World War II policy of achieving stabilization in Asia "by weighing China against Japan, based on a balance between the two nations." Perhaps more significantly, the conservative, business-oriented *Nihon Keizai* commented on 22 July that the US initiative toward China was the beginning of the end of the post-war order on which Japanese foreign policy is based. Should Japan "continue following the moves of the US alone," asked the paper. It then implied that Japan might have to seek improved

relations with the USSR—a theme now frequently discussed in Tokyo.

Sunao Sonoda, a leader of one of the ruling party's "mainstream" factions, recently called on Sato to "seek a breakthrough" in foreign policy through a rapprochement with the Soviet Union. This is the first time a major party figure has publicly suggested this idea. Along similar lines, a prominent Japanese political observer recently suggested that because Japan could no longer rely on the US deterrent, Tokyo would have to come to terms with Moscow. The Soviets apparently were quick to recognize the exploitability of the new situation in Japan, and they quickly moved to do so in their contacts with prominent Japanese. The Soviets began hinting at some flexibility on the key issue of reversion of some, if not all, of the Kuriles. Action along these lines would appeal to the nationalistic Japanese.

#### *The Economic Strains*

Japan's slowness to recognize the international responsibilities inherent in its status as a major economic power, have resulted in serious frictions with the US. For their part many Japanese feel that Americans overstate Japan's phenomenal postwar economic growth. Because of their country's almost total dependence on foreign sources of raw materials, these Japanese maintain that their economic position remains very fragile. Pointing to the fact that their standard of living is still well below that of the US and many European countries, they claim Japan still has a lot of catching up to do. Furthermore, they contend that the competitive disadvantages of American industry are less a function of a flood of Japanese imports than of inflation and economic mismanagement in the US.

Despite the importance of the US market to Japan's continued economic growth, the Japanese have moved slowly to liberalize trade and investment restrictions. Although Japan has removed a large number of formal tariff quotas, US exporters maintain that Tokyo still employs an

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elaborate system of nontariff barriers through informal administrative controls exercised by the bureaucracy. American businessmen strongly resent what they see as Japan's free ride—devoting all its resources to economic expansion while letting the US pick up the tab for Japan's defense.

dence in his administration both in Japan and in Washington. In trying to fulfill his promise to President Nixon to achieve a solution, Sato blundered in attempting to force a program of unilateral restraints on the textile industry before first building a consensus. The prime minister had more than the textile industry to convince, because other major export-oriented industries, such as electronics, were apprehensive that if restraints were implemented on textiles, they would soon be applied to them as well.

wide-spread resentment against what the Japanese see as discriminatory US economic policies. As the dispute over textiles intensified, Tokyo was clearly concerned over predictions that the dispute could lead to a trade war and a deterioration of political relations. The recalcitrance of the Japanese textile industry apparently persuaded Tokyo to wait it out in the hope that protectionist moves would not be taken in Washington. Sato's handling of the dispute has eroded confi-

Sato is clearly concerned about the political implications of the growing economic recriminations between the two countries in the wake of the textile confrontation. He has made some effort to be more forthcoming on the issue of capital and trade liberalization, although far less than the US would like to see. As before, Tokyo claims that, while it sees merit in the US position,



*'Come in, Mr. Fukuda...'*

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*"They (the Japanese) see us as a giant which, because of mismanagement and possibly grave moral deficiencies, has got itself into an economic fix from which it is trying to extricate itself with little concern over the damage its methods may do to a worthy, industrious, and morally sound little country like Japan."*

—former US ambassador to Japan  
Edwin Reischauer (19 Sept. 1971)

patience is required because of the political constraints on the Sato government. Indeed, the intimate ties of the ruling conservative party with big business and Sato's experiences in connection with the textile dispute have persuaded him to tread cautiously. Several months ago, Sato announced a new eight-point liberalization plan. Precise details on how the plan is to be implemented are sketchy in spots, but more is required beyond effective implementation of this plan: removal of import restraints, elimination of artificial support to exports, opening Japan's economy to more foreign investment, and, perhaps most importantly, reduce if not eliminate Japan's enormous balance of payments surplus.

Sato's efforts to placate both sides received a sharp jolt on 15 August when President Nixon announced his new economic plan. As in the case of the announcement on China, US willingness to take action on major issues without consulting the Japanese, or at least cushioning the blow, came as a great surprise. This forced Sato to confront the troublesome economic problems sooner than he would have liked. While some Japanese officials expressed relief that the President's economic moves were framed in a multi-lateral context and not directed against Japan alone, many others supported by a broad segment of public and media opinion believed that President Nixon had a special grudge against Japan and had singled it out for particular pressure. As in the case of the China issue, at least some of the emotion evident in the initial Japanese reaction resulted from resentment over, as Secretary General Hori of the Liberal Democratic Party put it,

"the way the US makes drastic changes of course without prior notice." On the other hand, some editorials suggested in a calmer tone that the US economic moves increased the need for Japan to play a larger, more responsible role in international economic circles as well as liberalize its restrictive policies.

In general, the resentment created by recent US moves will result in additional resistance to liberalization. A top official in the International Trade Ministry recently confirmed that an "angry mood" had developed in some parts of the Japanese bureaucracy. Rightly or wrongly, Japanese bureaucrats, he said, were asking why Japan should liberalize imports when the US had just increased its duties on imports from Japan.

The opposition parties have had some trouble getting a handle on this issue to embarrass Sato, but developments on the economic front have reinforced the already widespread belief that Sato's claim to have a "special relationship" with Washington has diminishing validity. Many Japanese have suggested that, in orienting its economic policies so heavily toward Washington, Japan has put too many eggs in one basket; some have predicted that the US move will result in greater efforts to diversify Japan's markets and sources of raw materials. They have in mind particularly the Soviet Union and China. In fact, the Japanese for some time have been trying to broaden their economic relations, remembering their unfortunate experience in the 1930s and 1940s as a result of their dependence on only a few major markets and sources of raw materials.

#### *Toward a Greater Balance*

There is no question that recent US moves on the China and economic issues will at least accelerate the natural trend toward a more independent and assertive Japan. Over the longer term, this will contribute to a fundamental reappraisal of Japan's relationship with the US. Notwithstanding a widely accepted view that Japan has nowhere else to go, even slight changes in

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Tokyo's attitude could significantly affect a number of things in our relations with Japan.

Should Sato be forced to step down under conditions resulting from Japan's difficulties with Washington, the US would inevitably suffer in the minds of most Japanese. Under these circumstances, a successor government would be forced to make greater concessions to popular demands for a more independent posture. Even Foreign Minister Fukuda, Sato's personal favorite as a successor, would have to make alterations in his basically conservative, pro-US stance. A leader of one party faction who supports Fukuda became the first in the party's dominant wing to break ranks when he recently criticized Sato's policies, urging Japan to develop closer ties with the USSR. Such remarks were probably designed to prod Fukuda into recasting the pro-US bent of his foreign policy if he wishes to succeed Sato.

The most slippery issue for Sato at present is the China problem, and particularly the question of Chinese representation in the UN. Sato's decision to back the strategy aimed at keeping Taipei in the UN was taken despite strong opposition from within his party, the media, and the opposition parties. Sato is in an unhappy position no matter what happens. If the US resolutions pass, Peking can fan pro-China sentiment in Japan by castigating Sato as a decisive factor. He would, of course, suffer more if the resolutions fail. He took the decision to co-sponsor personally, and this is read in Japan as a clear indication that the prime minister has staked his political life on the outcome. There are rumors that Sato made a tacit agreement with party faction leaders to step down if his policy fails. Indeed, if the vote goes against Taiwan, the pressure on him to resign might well be overwhelming.

Complicating Sato's position during this period is the Okinawa reversion agreement, which will come up for Diet consideration after 16 October. Sato has already been criticized sharply over the terms of the agreement, particularly the continuing large US base presence and the nuclear

weapons question. A poll conducted in late September by a leading Japanese newspaper indicated a very considerable skepticism that Okinawa will revert to Japan free of nuclear weapons as the Sato government has promised. Furthermore, many Japanese now argue that President Nixon's forthcoming visit to China underscores Peking's growing moderation and reduces the need for large US bases. In view of the shortness of the upcoming Diet session (60 days), government efforts to force ratification of the agreement in the face of opposition obstructionism could make Sato vulnerable to the same charges of "tyranny of the majority" that contributed to the fall of the Kishi government.

Sato also faces a dilemma over the textile issue. On the one hand, he has been given to understand that the US will impose quotas on textiles on 15 October (just as the Diet convenes) unless a suitable government-to-government agreement is reached by then. On the other, domestic opposition to an agreement remains strong. Textile industry leaders reportedly have stated their intention to topple Sato if such an agreement is negotiated. If one is not negotiated and quotas are imposed, Sato's position will be undermined: Sato clearly is in an unenviable position.

Under Sato the country is finding it difficult to alter significantly a successful formula. Ordinarily, new policies take time to emerge in Japan, where consensus and avoidance of confrontation are emphasized. Nevertheless, attitudes can change or be changed relatively rapidly once a consensus emerges. This is illustrated by the sharp

*"The China question is a very emotional as well as acutely political question in Japan. Once it is taken up, the entire spectrum of Japanese foreign policy, including the US-Japan relationship, Japan's security role, and its Asian policy, will come up all at the same time."*

Japanese Ambassador to the US  
Nobuhiko Ushiba (11 Aug. 1971)

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deterioration in the Japanese perception of the US before World War II. Circumstances are obviously different now, but Japan's relatively unquestioning cooperation and good will toward the US cannot be taken for granted. The two societies are dissimilar, and their interests divergent. The Japanese could well become more suspicious of our motives and attitudes. A case in point is the growing Japanese wariness about the implications of the "Nixon doctrine." Many Japanese interpret it as meaning that Asia is not worth defending with American lives, and that Asians should fight Asian wars. As Edwin Reischauer put it, [REDACTED]

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[REDACTED] An American commitment to Europe seems more trustworthy to them than a commitment to the nation of a clearly different race like Japan."

Thus, the Japanese will continue to be hypersensitive to real or imagined slights in their relations with Washington. Part of their irritation over President Nixon's coming trip to China stems from the fact that no US president has ever visited Japan, Washington's chief ally in Asia. The Japanese, still insecure and unsure, feel a constant need to be reassured; form and symbolism are often as important to them as substance in foreign relations. Grating on their sensibilities is a belief that the US is bending over backward to

cultivate a potential power at the expense of a present power

Japanese doubts over the reliability of their US ally will be reinforced by the tendency for this homogeneous people to focus on the problems and divisions of a racially and culturally pluralistic society like the US. The exhaustive coverage given by Japanese media to developments in the US tends to magnify everything that is said and done concerning Japan. Given the vague understanding that most Japanese have of the American political process, there is considerable room for misunderstanding, anger, and recrimination.

The special relationship that Sato and his predecessors have traded on so heavily is fading. The question, as the interests of the two countries diverge, is whether the relationship will develop along healthy lines. Most responsible Japanese leaders recognize Japan's vital interest in continued good relations with the US, but there is considerable latitude in the course in which relations could develop. Since the Japanese have done little clear, systematic thinking on their role, the direction they take will be influenced considerably by policies and events beyond their shores. [REDACTED]

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